



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

### **Supplement to the Prospectus**

This Supplement contains information in relation to the Invesco Quantitative Strategies ESG Global Equity Multi-Factor 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, and may not be distributed unless accompanied by, the prospectus for the Company dated 30 November 2022, as may be further amended, supplemented or modified from time to time (the "Prospectus"), (other than to prior recipients of 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, AND THE RISKS INVOLVED, ARE SUITED TO YOUR OWN PERSONAL CIRCUMSTANCES AND OBJECTIVES. 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 below or in the Definitions section in the Prospectus.**

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

An umbrella fund with segregated liability between the sub-funds

**Dated 19 June 2023**

**This Supplement replaces the Supplement dated 31 March 2023.**

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## **IMPORTANT INFORMATION**

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

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.

The Fund is an actively managed sub-fund. The Investment Manager has appointed Invesco Asset Management Deutschland GmbH (the "Sub-Investment Manager") as the sub-investment manager with responsibility for the selection of the Fund's investments on a discretionary basis.

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 or accuracy 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.

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

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### Investment Objective of the Fund

The investment objective of the Fund is to achieve a long-term return in excess of the MSCI World Index (the “**Benchmark**”) by investing in an actively-managed portfolio of global equities that meet environmental, social, and corporate governance criteria (the “**ESG Criteria**”).

### Investment Policy of the Fund

In order to achieve the investment objective, the Fund will invest primarily in a portfolio of equity and equity-related securities of companies from developed markets worldwide. Securities are selected by the Sub-Investment Manager based on three criteria: 1) compliance with the Fund’s ESG Criteria, 2) attractiveness determined in accordance with the Sub-Investment Manager’s quantitative investment model, and 3) consistency between the portfolio’s expected risk characteristics and the Fund’s investment objectives.

The Fund’s ESG Criteria are integrated into the security selection and portfolio construction process with a view to ensuring ongoing compliance with the standards of the Austrian Ecolabel (Österreichisches Umweltzeichen), a standard that indicates environmental excellence. The ESG

approach incorporates both specifically excluded industries and areas of activities, as well as a “best in class” approach which selects those stocks from each industry that score most highly according to the Sub-Investment Manager’s ESG scoring. Specific exclusions include, but are not limited to, those companies involved in nuclear power, coal, unconventional oil and gas (which may include oil sands and Arctic exploration), military weapons, civilian firearms, alcohol, tobacco, gambling, adult entertainment, genetically modified organisms, genetically modified cells or human cloning techniques, and activities constituting violations of the UN Human Rights Directive or the International Labour Organisation’s Labour Rights Directive. The Fund’s compliance with the ESG Criteria will be reviewed on an ongoing basis by the Sub-Investment Manager. Where a previously eligible security subsequently ceases to meet the Fund’s ESG Criteria or where the Fund acquires a security as a result of a corporate action and such security does not meet the Fund’s ESG Criteria, the Sub-Investment Manager will ensure disinvestment at the next rebalance, having due regard to the best interests of the Shareholders and subject to liquidity, regulatory and other factors.

The Sub-Investment Manager’s quantitative investment process produces a measure of the attractiveness of each security based on three major factors: Value, Quality and Momentum (where Momentum comprises Price Momentum and Earnings Momentum). The Sub-Investment Manager uses proprietary factor definitions developed by the Sub-Investment Manager that are designed to deliver superior investment results relative to standard publicly available factor definitions used by, among others, the leading index providers in the market. The factors can be broadly described as follows:

- i. Value: This investment factor aims to capture the potential outperformance of companies that are perceived to be “inexpensive” relative to sector or market averages, where such determination is based primarily on various financial ratios such as debt-to-equity ratios or price-to-book ratios.
- ii. Quality: This investment factor aims to capture the potential outperformance of stocks that demonstrate a stronger balance sheet (e.g. lower levels of debt, higher profit margins) relative to sector or market averages.
- iii. Momentum: This investment factor aims to capture the potential continued outperformance of those stocks whose historical share price performance or earnings growth have exceeded sector or market averages.

In the first step, the Sub-Investment manager uses a proprietary model to rank all stocks in the universe of eligible securities according to its attractiveness with respect to each of the above- mentioned factors. Rankings are done within industry groups in each region/country to ensure comparability.

In step two, these individual factor rankings are combined to obtain an overall multi-factor measure of a stock’s attractiveness. The weightings of the individual factors in the combined score are based on a model that takes the entire business cycle into account with the intention of establishing highly attractive long-term risk-adjusted return expectations. This overall multi-factor attractiveness score is considered a stock’s return forecast (its relative attractiveness within its regional/country peer group).

Step three determines a corresponding risk assessment for each stock in the universe by using a proprietary risk model which assesses risk factors for each security as well as the interaction of the securities within the portfolio. The model uses the same multi-factor framework as the return forecasting to ensure alignment between risk and return forecasts.

The Sub-investment Manager then sets the constraints for the portfolio construction. Based on the Fund’s investment objective, maximum sector, country and single-stock, tracking error targets from the Benchmark are determined. The approach seeks to ensure that where the Fund, through its choice of securities and weightings, takes on a higher level of risk (e.g. through more concentrated holdings in a particular security or sector) than what is found in the Benchmark, it is rewarded for doing so through increased exposure to the target risk factors (Value, Quality, Momentum) while remaining broadly neutral in relation to other risk factors.

In the final step, the portfolio construction and optimisation process determines the weights of the individual securities in the portfolio, with an aim to maximise the attractiveness of the overall portfolio with respect to the target factors while rigorously managing overall risk in line with the Fund’s objectives, and seeking to reduce exposure to those risks for which the Fund is not compensated

through expected improved returns. This approach explicitly includes a consideration of the transaction costs.

This entire ranking, risk modelling and portfolio construction process is repeated each month, following which the Fund's holdings are rebalanced by the Investment Manager in line with the new target portfolio holdings provided by the Sub-Investment Manager. At every rebalance, the weight of any individual issuer is capped at 4.5%.

The ESG approach of the Sub-Investment Manager is disclosed following the guidelines of the European SRI Transparency Code, which seeks to increase the accountability and clarity of Socially Responsible Investing (SRI) practices for European investors.

The Fund may hold ancillary liquid assets and use efficient portfolio management techniques in accordance with the requirements of the Central Bank. The types of equity-related securities which may be held by the Fund include warrants, convertible bonds and hybrid equity-debt securities (which are securities with both equity and debt characteristics) which the Fund may hold as a result of corporate actions.

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 and Permitted Investments"**.

## **Benchmark**

The Fund will not seek to track the performance of an index. The Fund will hold an actively-managed portfolio of equities and equity-related securities with the aim of delivering superior risk-adjusted returns over the long term when compared with the average performance of global equity markets. Due to the changing volatility and return characteristics of equity markets, the fund does not have an absolute risk or return target. Rather, the Sub-Investment Manager will select the portfolio holdings through an optimisation process that utilises the Benchmark as a reference for risk and return calculations. The Benchmark measures the performance of large and mid-capitalisation companies across developed markets worldwide and is weighted by free-float market capitalisation. The target (ex-ante) tracking error of the portfolio at the time of the monthly optimization will generally be approximately 3%, and shall not exceed 5% per annum, under normal market conditions.

## **Integration of Sustainability Risks**

The Investment Manager integrates Sustainability Risks into investment decisions for the Fund systematically as part of the core research process whereby the Investment Manager's and third-party research is continuously analysed to identify indicators, including those related to sustainability risks, which may drive better investment performance and/or reduce risk. When such correlations are verified by the Investment Manager, the relevant metrics are added as factors within the Investment Manager's core optimising models and automatically applied to reduce the relevant Sustainability Risks. For further information on how Sustainability Risks are incorporated into the Fund's investment strategy, please refer to the section titled "Investment Policy of the Fund" above.

## 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 is to gain exposure to a portfolio of equity and equity-related securities of companies which meet the ESG Policy of the Fund. The Fund achieves this by specifically excluding certain industries and activities that are considered by the Investment Manager to be inconsistent with ESG outcomes. The Fund also applies a proprietary ESG scoring system to ensure investment in only “best of class” securities. This criteria is integrated into the security selection and portfolio construction process with a view to ensuring ongoing compliance with the standards of the Febelfin ecolabel. The Funds also seeks to maintain a lower carbon intensity of the portfolio relative to the Benchmark. Carbon intensity is calculated as the weighted average of the greenhouse gas emissions (CO2 equivalents) per USD million of revenue..

The Benchmark against which the Fund measures its investment objective has been designated as the Fund’s reference index but is not consistent, nor is it intended to be consistent, with the environmental characteristics which the Fund promotes.

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**”.

## Investment Restrictions of the Fund

Investors in particular must note that the general investment restrictions set out under “**Investment Restrictions and Permitted Investments**” in the Prospectus apply to the Fund.

## Efficient Portfolio Management

Further information on efficient portfolio management techniques that may be used by the Fund is contained in the “**Securities Financing Transactions and Swaps**” section below and in the Prospectus under the heading “**Appendix III - Efficient Portfolio Management and use of Financial Derivative Instruments**”.

## 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 if 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 equities. 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 15%.

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

### **Currency Hedging Policy**

The Investment Manager will be responsible for currency hedging in respect of the Fund.

#### *Share Class Hedging*

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 of the Share Class denominated in a currency other than the Base Currency of the Fund. This is achieved by the hedged Share Classes employing 30-day forward FX contracts, which are rolled monthly.

#### *Portfolio-hedged Share Class*

The Company has the power to issue portfolio-hedged Shares Classes (identified by "PfHdg" in their names). For such classes of portfolio-hedged Shares, the Fund may enter into transactions for the purposes of hedging the foreign exchange exposure of the currency or currencies in which the underlying assets of the Fund are denominated to the currency of the portfolio-hedged Share Class. The purpose of the hedging in the portfolio-hedged Share Classes is to limit the profit or loss

generated from foreign exchange exposure of the underlying assets of the Fund denominated in a currency other than the currency of the portfolio hedged Share Class.

All costs and losses arising in relation to such currency hedging transactions will be borne by the relevant hedged or portfolio-hedged Share Classes and all gains arising in connection with such hedging transactions will be attributable to the relevant hedged or portfolio-hedged 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. 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 - Efficient Portfolio Management and use of Financial Derivative Instruments**". 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 Appendix III to 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 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 PfHdg Dist Shares, the GBP Hdg Dist Shares, EUR Hdg Dist Shares and the CHF 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, EUR PfHdg Acc Shares, the GBP Hdg Acc Shares, the EUR Hdg Acc Shares and the CHF Hdg Acc Shares, and income and other profits will be accumulated and reinvested in respect of those Shares.

### **Trading**

Application will be made to Euronext Dublin, Deutsche Börse 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 and/or Listing Date, as appropriate. 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>	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 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 the Fund in accordance with the provisions of the Prospectus and the Articles.

	<p>The Investment Manager produces dealing calendars which detail in advance the Dealing Days for the 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>	4.30 p.m. (Dublin time) one Business Day before 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 Valuation Point.
<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 Acc Shares and EUR PfHdg Acc Shares were launched on 13 June 2019.
<b>Initial Offer Period</b>	<p>The Initial Offer Period in respect of the Acc and EUR PfHdg Acc Share Classes has closed.</p> <p>The Initial Offer Period in respect of each other Share Class will start at 9.00a.m. (Dublin time) on 19 February 2020 and close at 5.00p.m. (Dublin time) on 19 August 2020 or such earlier or later date as the Directors may determine.</p>
<b>Minimum Fund Size</b>	USD 30,000,000
<b>Valuation Point</b>	<p>4.00 p.m. (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 official closing price published by 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 daily portfolio composition and details on the indicative net asset value are set out on the Website in line with the Central Bank's requirements.

### Description of the Shares

<b>Share Class</b>	<b>"Acc"</b>
<b>Share Class Currency</b>	USD
<b>Initial Issue Price</b>	Initial Issue Price: 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

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

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

Share Class	"EUR PfHdg Dist"
Share Class Currency	EUR
Initial Issue Price	Initial Issue Price: 40 EUR per Share.
Minimum Initial Subscription, Minimum Subscription and Minimum Redemption Amount	25,000 Shares unless the Directors determine otherwise.
Minimum Holding	N/A

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

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

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

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

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

Share Class	"CHF Hdg Dist"
Share Class Currency	CHF
Initial Issue Price	Initial Issue Price: 40 CHF per Share.
Minimum Initial Subscription, Minimum Subscription and Minimum Redemption Amount	25,000 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):

<b>Share Class</b>	<b>All Share Classes</b>
<b>Subscription Charge</b>	Up to 5%
<b>Redemption Charge</b>	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.

<b>Share Class</b>	<b>"Acc"</b>
Management Fee	Up to 0.30% per annum or such lower amount as may be advised to Shareholders from time to time.

<b>Share Class</b>	<b>"Dist"</b>
Management Fee	Up to 0.30% per annum or such lower amount as may be advised to Shareholders from time to time.

<b>Share Class</b>	<b>"EUR PfHdg Acc"</b>
Management Fee	Up to 0.30% per annum or such lower amount as may be advised to Shareholders from time to time.

<b>Share Class</b>	<b>"EUR PfHdg Dist"</b>
Management Fee	Up to 0.30% per annum or such lower amount as may be advised to Shareholders from time to time.

<b>Share Class</b>	<b>"GBP Hdg Acc"</b>
Management Fee	Up to 0.30% per annum or such lower amount as may be advised to Shareholders from time to time.

<b>Share Class</b>	<b>"GBP Hdg Dist"</b>
Management Fee	Up to 0.30% per annum or such lower amount as may be advised to Shareholders from time to time.

<b>Share Class</b>	<b>"EUR Hdg Acc"</b>
Management Fee	Up to 0.30% per annum or such lower amount as may be advised to Shareholders from time to time.

<b>Share Class</b>	<b>"EUR Hdg Dist"</b>
Management Fee	Up to 0.30% per annum or such lower amount as may be advised to Shareholders

	from time to time.
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Share Class	"CHF Hdg Acc"
Management Fee	Up to 0.30% 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 0.30% 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.

### **German Investment Tax Act**

In accordance with the German Investment Tax Act, as amended from time to time ("**GITA**"), the Fund intends to qualify as an equity fund as defined in section 2 para 6 GITA, and will continuously invest more than **85%** of its Net Asset Value (as defined in section 2 para. 9a sent. 2 and 3 GITA) into equities (as defined in section 2 para 8 GITA).

### **Exchange of Shares**

Shareholders may apply to exchange on any Dealing Day all or part of their holding of Shares of any Class of the Fund (the "**Original Class**") for Shares of another Class of the Fund which is being offered at that time (the "**New Class**") provided that all the criteria for applying for Shares in the New Class have been met.

The general provisions and procedures relating to redemptions will apply equally to exchanges. All exchanges will be treated as a redemption of the Shares of the Original Class and application to the purchase of Shares of the New Class, save that no Subscription Charge or Redemption Charge will be payable. Exchanges of Shares may be subject to an Exchange Charge of up to 3% of the Repurchase Price for the total number of Shares in the Original Class to be repurchase.

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

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The Reference Index tracks the performance of large- and mid-capitalisation companies across developed markets worldwide. The Reference Index is further described below but only represents an extract of information available from public sources and neither the Directors, the Manager, MSCI Inc. 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.

The Reference Index draws its constituents from the financials, information technology, health care, industrials, consumer discretionary, consumer staples, communication services, energy, materials, utilities and real estate sectors. As of the date of this Supplement, the Reference Index is comprised of 1,654 constituents from Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States.

### **Index Rebalancing**

The Reference Index is rebalanced on a quarterly basis. The Fund 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 MSCI Inc. and more details on the Reference Index can be found at <http://www.msci.com/world>.

### **Publication**

The level of the Reference Index will be published on the MSCI page: <http://www.msci.com/world>.

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## OTHER INFORMATION

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### 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. In addition, Shareholders must also note that:

- (a) **Active Management Risk:** The Fund's assets will be actively managed by the Investment Manager, based on the expertise of individual fund managers, who will have discretion (subject to the Fund's investment restrictions) to invest the Fund's assets in investments that it considers will enable the Fund to achieve its investment objective. There is no guarantee that the Fund's investment objective will be achieved based on the investments selected.
- (b) **Equity Risk:** The value of equities and equity-related securities can be affected by a number of factors including the activities and results of the issuer, general and regional economies, market conditions and broader economic and political developments. This may result in fluctuations in the value of the Fund.
- (c) **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 funds or securities referred to herein are not sponsored, endorsed, or promoted by MSCI Inc ("MSCI"), and MSCI bears no liability with respect to any such funds or securities or any index on which such funds or securities are based.



Product name: Invesco Quantitative Strategies ESG Global Equity Multi-Factor UCITS ETF

Legal entity identifier:  
549300353W62ZS1AXM25

#### 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 is to gain exposure to a portfolio of equity and equity-related securities of companies which meet the ESG Policy of the Fund. The Fund achieves this by specifically excluding certain industries and activities that are considered by the Investment Manager to be inconsistent with ESG outcomes. The Fund also applies a proprietary ESG scoring system to ensure investment in only “best of class” securities. This criteria is integrated into the security selection and portfolio construction process with a view to ensuring ongoing compliance with the standards of the Febelfin ecolabel. The Funds also seeks to maintain a lower carbon intensity of the portfolio relative to the Benchmark. Carbon intensity is calculated as the weighted average of the greenhouse gas emissions (CO2 equivalents) per USD million of revenue.

#### 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:

- reduction in the initial investment universe after application of the best-in-class measure based on an overall ESG profile score
- reduction in the initial investment universe after application of the exclusions depending on business involvement in controversial activities and controversies including violations of the UN Global Compact, based on third party data and the Investment Manager’s proprietary analysis and research
- reduction in carbon intensity of the Fund as measured against the Benchmark

#### What are the objectives of the sustainable investments that the financial product partially intends to

The Fund intends to make sustainable investments by contributing 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: (i) issuers which contribute positively to selected Sustainable Development Goals (SDGs) that relates to the above objectives; or (ii) companies which generate a material part of their revenue from environmental impact themes such as energy transition, healthcare and food. For more information on the revenue thresholds, please

#### 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.

*make and how does the sustainable investment contribute to such objectives?*

refer to the ESG Policy of the Fund. The Fund also uses a best-in-class approach and select companies scoring higher, when compared to their peers, utilizing the investment manager's proprietary scoring methodology.

● **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 Fund relies on the quantitative and qualitative research and/or engagement of the Investment Manager and Invesco's ESG team to take into account principal adverse impacts (PAI) indicators defined in Table 1 of Annex I of the regulatory technical standards for Regulation 2019/2088 (RTS) 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 and below the metrics that are used to assess the PAI indicators.

PAI Indicator Thresholds used		
PAI No.	PAI Indicator	Portfolio Rollups
1,2,3	ISS Scope 1 Emissions	1. Total Emissions(Financed) Scope 1+2
	ISS Scope 2 Emissions	2. Carbon Foot Print Scope 1+2
	ISS Scope 3 Emissions	3. Total Emissions Scope 1+2+3
	ISS Scope 1 Emissions (EUR)	4. Carbon Foot Print Scope 1+2+3
	ISS Scope 2 Emissions (EUR)	5.WACI 1+2
	ISS Scope 3 Emissions (USD)	6.WACI 1+2+3
4	SA Carbon - Fossil Fuel-Level of Involvement Range-SFDR	% of the Fund exposed to any fossil fuels revenue
5	SA Share of Non-Renewable Energy Production_Percentage-SFDR	Adjusted Weighted Average
	SA Share of Non-Renewable Energy Consumption_Percentage-SFDR	Adjusted Weighted Average
6	SA Energy Consumption Intensity_Agriculture, Forestry & Fishing-SFDR	Adjusted Weighted Average
	SA Energy Consumption Intensity_Construction-SFDR	Adjusted Weighted Average
	SA Energy Consumption Intensity_Electricity, Gas, Steam & Air Conditioning Supply-SFDR	Adjusted Weighted Average
	SA Energy Consumption Intensity_Manufacturing-SFDR	Adjusted Weighted Average
	SA Energy Consumption Intensity_Mining & Quarrying-SFDR	Adjusted Weighted Average
	SA Energy Consumption Intensity_Real Estate Activities-SFDR	Adjusted Weighted Average
	SA Energy Consumption Intensity_Transportation & Storage-SFDR	Adjusted Weighted Average
	SA Energy Consumption Intensity_Water Supply, Sewerage, Waste Management & Remediation Activities-SFDR	Adjusted Weighted Average
	SA Energy Consumption Intensity_Wholesale & Retail Trade & Repair of Motor Vehicles & Motorcycles-SFDR	Adjusted Weighted Average
7	SA Activities Negatively Affecting Biodiversity Areas-SFDR	% Weight of Portfolio
8	SA Emissions to Water_Tonnes-SFDR	((Market Value/EVIC)*(Tonnes of Emissions to water))/Million EUR Invested; Same as Carbon footprint calculation
9	SA Hazardous Waste Production_Tonnes-SFDR	((Market Value/EVIC)*(Tonnes of Hazardous Waste))/Million EUR Invested; Same as Carbon footprint calculation
10	SA Breach of UN Global Compact Principles & OECD Guidelines for Multinational Enterprises-SFDR	% Weight of Portfolio
11	SA Lack of Processes & Compliance Mechanisms to Monitor Compliance with UN Global Compact Principles & OECD Guidelines for MNEs-SFDR	% Weight of Portfolio
12	SA Unadjusted Gender Pay Gap_Percentage of Male Employees Gross Hourly Earnings-SFDR	Adjusted Weighted Average
13	SA Board Gender Diversity_Percentage of Female Board Members-SFDR	Adjusted Weighted Average
14	SA Controversial Weapons-Evidence of Activity-SFDR	% Weight of Portfolio
<b>Sovereign</b>		
15	SA Carbon Emissions Intensity-SFDR	Weighted Average
16	SA Any Country Social Violations-SFDR	No. of Counties Involved in Violations; % of countries involved in violations
<b>Optional Indicators</b>		
E	Lack of Carbon Emission Reduction Initiatives-SFDR	% Weight of Portfolio
S	Lack of Human Rights Policy-SFDR	% Weight of Portfolio

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

The Fund excludes companies, sectors or countries from the investment universe when such companies violate international norms and standards according to the definitions of the International Labour Organisation (ILO), the OECD or the United Nations. All issuers considered for investment will be screened for compliance with, and excluded if they do not meet, UN Global Compact principles.

*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, the Fund considers principal adverse impacts on sustainability factors by carrying out a qualitative and quantitative review of key metrics (primarily the indicators as defined in Table 1 of the Annex I of the regulatory technical standards for Regulation 2019/2088). The Fund identifies priority investee entities using thresholds on each principal adverse impacts indicator and primarily engages through methods such as letters, meetings, proxy voting. If no improvement is established through such corporate engagement, then the Fund may proceed to divest and/or exclude investments. Information on principal adverse impacts on sustainability factors is available in the annual report of the Fund 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 investment objective of the Fund is to achieve a long-term return in excess of the MSCI World Index (the “**Benchmark**”) by investing in an actively-managed portfolio of global equities that meet environmental, social, and corporate governance criteria (the “**ESG Criteria**”).

The investment universe comprises global equities that meet the defined sustainability criteria using exclusions as well as best-in-class criteria with a view to ensuring ongoing compliance with the standards of the Austrian Ecolabel (Österreichisches Umweltzeichen). Risk management is an integral part of each investment step. The Investment Manager relies on its factor-based selection model, which seeks to capture the factors of value, quality and momentum. Following in-depth factor research, IQS uses proprietary factor definitions that are expected to deliver results in excess of standard factor definitions.

The ESG criteria will be reviewed and applied on an ongoing basis and integrated as part of the quantitative investment process for stock selection and portfolio construction.

Please note that this Annex forms part of, and should be read in conjunction with the Supplement. Please refer to the Supplement and the ESG Policy of the Fund at [etf.invesco.com](http://etf.invesco.com) 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 Investment Manager will use positive screening based on an integrated-best-in-class approach to identify issuers, which in the view of the Investment Manager, meet sufficient practice and standards in terms of an overall ESG profile for inclusion in the Fund's universe, as measured by their ratings relative to their peers using a third-party score.

With the integrated best-in-class approach, the investment team focuses on the 50% best scoring companies of the initial investment universe, in their sector per region with respect to a comprehensive ESG score.

Screening will also be employed to exclude securities issued by issuers which derive or generate a pre-determined level of revenue or turnover from activities such as (but not limited to) fossil fuel industries, activities related to coal or nuclear power, extraction of tar sands and oil shale, fracking or arctic drilling activities, production of restricted chemicals, activities endangering biodiversity, activities generating pollution, manufacturing or sale of conventional weapons or production and distribution of tobacco. All issuers considered for investment will be screened for compliance with, and excluded if they do not meet, UN Global Compact principles, based on third-party data and the Investment Manager's proprietary analysis and research. The current exclusion criteria may be updated from time to time.

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

The minimum reduction rate of the investment universe as a result of the above exclusions is 50%. However, it is expected that the size of the investment universe of the Fund will be reduced further after the application of the above ESG screening.

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

To ensure good governance of the investee companies, the Investment Manager first identifies the companies which violate this principle by systematically screening for controversies within the investable universe. To achieve this, the Investment Manager evaluate an extensive volume of news data for violations of good governance. These violations are aligned with the UN Global Compact and severe controversies in areas ranging from human rights, labour relations and labour rights over biodiversity, pollution to community involvement and also corruption. Violations of these controversies and an inability to resolve in a timely manner, lead to a company being excluded from the investable universe and disinvested in case of a holding.



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

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

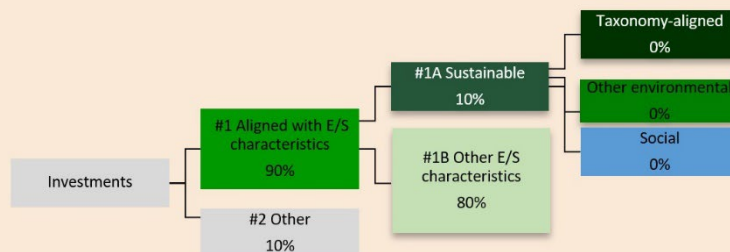
A minimum of 90% of the Fund's NAV will be selected according to the binding elements of the investment strategy, on the basis that they align with the environmental and social characteristics of the Fund.

Up to 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.

A minimum 10% 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.

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.

#### 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

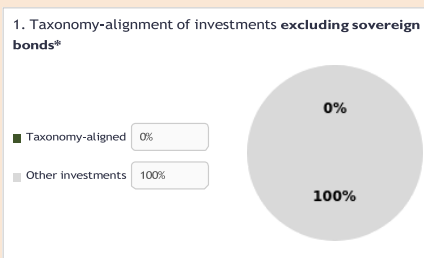
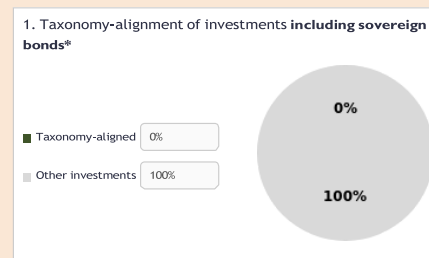
Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and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

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.

*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.*



*\*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

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.



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 sustainable investments with a socially sustainable investment objective.



**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. No minimum environmental or social safeguards are applied in relation to these instruments.



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

**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?**

No

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

NA

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

NA

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

NA

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

NA



**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).