



## **Invesco EUR Government and Related Green Bond Weighted UCITS ETF**

### **Supplement to the Prospectus**

This Supplement contains information in relation to Invesco EUR Government and Related Green Bond Weighted 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 28 May 2024 , 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, 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 in the Definitions section below or in the Prospectus.**

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

An umbrella fund with segregated liability between the sub-funds

**22 April 2025**

**This Supplement replaces the Supplement dated 4 April 2025**

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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.

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 Manager has appointed Invesco Advisers, Inc as the investment manager with responsibility for the selection of the Fund's investments on a discretionary basis (the "Investment Manager"). The Investment Manager has appointed Invesco Asset Management Deutschland GmbH (the "Sub-Investment Manager") as a sub-investment manager who may from time to time have responsibility for the selection of the Fund's investments on a discretionary basis.

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

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 income and capital appreciation over the medium to 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 import 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.

For the purpose of this Supplement:

**“Green Bonds”** means a debt security issued under a recognised green bond standard (e.g. International Capital Market Association (ICMA) / Climate Bond Initiative (CBI) / EU Green Bond Standard (EU GBS)).

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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 provide the performance of the European government bond market by investing in an actively managed portfolio of government and government-related bonds that also factors certain environmental, social, and corporate governance (“ESG”) criteria into the portfolio construction and maximises exposure to Green Bonds subject to exposure and liquidity considerations.

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

In order to achieve its investment objective, the Fund will generally invest in a portfolio of euro denominated government and government-related bonds predominantly issued by European issuers with an investment grade credit rating. Securities are selected by the Investment Manager based on three criteria: 1) compliance with the Fund’s ESG policy (the **“ESG Policy”**); 2) maximising exposure to Green Bonds subject to specific exposure and liquidity considerations; and 3) the overall ability of the Fund’s portfolio to meet the targets set out in the **“Benchmark”** section below.

## *Initial Investment Universe*

To qualify as eligible for investment by the Fund, a bond must be classified as treasury or government-related at a Bloomberg BCLASS Classification Level 1 and must have an investment grade rating by the rating agencies S&P, Fitch or Moody's. Investment grade securities are those rated BBB- or higher by Standard and Poor's or Fitch and Baa3 or higher by Moody's. If the rating for a specific bond is unavailable, the rating of the issuer is to be used instead. Otherwise, unrated securities are eligible if they are determined by the Investment Manager to be of comparable quality to the above based on internal assessment of issuer credit quality. If the ratings of a bond differ between agencies, the middle rating is used to determine a bond's credit quality. If only two agencies rate a bond, the more conservative (lower) rating is used. If only one agency rates a bond, that single rating is used. If the credit rating of any security held by the Fund is downgraded below these respective ratings, the Investment Manager will liquidate this position at the earliest optimal opportunity, within 90 days of the downgrade, taking due account of the interests of its Shareholders.

Fixed and floating rate bonds are eligible for inclusion. The Fund may invest up to 10% of its assets in floating rate bonds.

The Fund will not invest in bonds that are in default at the time of investment. If a bond defaults subsequent to purchase by the Fund, the Investment Manager will determine in its discretion whether to hold or dispose of such security, taking due account of the interests of its Shareholders.

The Fund may invest up to 30% of its assets in bonds denominated in currencies other than euro. Exposure to exchange-rate fluctuations resulting from these investments will be hedged back to euro at the Investment Manager's discretion. The Fund will only invest in bonds from developed market issuers, unless an issuer is from the European Economic Area (EEA) in which case an emerging market issuer is eligible; it is not expected that the Fund would invest more than 10% of its assets in securities from emerging market issuers. The Fund may invest up to 30% of its assets in issuers not from the EEA.

## *ESG Policy*

Once the Fund's initial investment universe has been determined based on the criteria set out above, the Investment Manager then, either itself or through the Sub-Investment Manager, applies the ESG criteria to the security selection process, as set out below and further detailed in the ESG Policy which forms part of the Fund's Sustainability-related disclosure available on the Fund's webpage at <https://etf.invesco.com>.

Bonds issued by governments and corresponding agencies and local authorities are eligible for inclusion in the portfolio if the relevant country has ratified and implemented each of the below in national legislation:

- the eight fundamental conventions identified in the International Labour Organisation's Declaration on Fundamental Rights and Principles at Work; and
- at least half of the 18 core International Human Rights Treaties

Supranational issuers are eligible for inclusion in the portfolio if the majority of countries constituting them (by count) are eligible based on the above criteria.

The Investment Manager also incorporates exclusionary criteria which specifically exclude countries based on international treaties and assessments by third-party non-profit organisations. A country will be excluded if:

- it is not party to the Paris Agreement; or
- it is not party to the UN Convention on Biological Diversity; or
- it is not party to the Nuclear Non-Proliferation Treaty; or
- it has particularly high military budgets (>4% gross domestic product); or
- it is considered to be a 'Jurisdiction with strategic Anti-Money Laundering / Combating the Financing of Terrorism (AML/CFT) deficiencies' by the Financial Action Task Force on Money Laundering (FATF); or
- it has a score of less than 40/100 on the Transparency International Corruption Perception Index; or

- it is qualified as 'Not free' by the Freedom House 'Freedom in the World'-survey.

Screening will also be employed to exclude securities issued by government-owned issuers that are not government guaranteed issuers, which derive or generate a predetermined 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, hard coal and lignite, oil fuels, gaseous fuels, production of restricted chemicals, activities endangering biodiversity, activities generating pollution, manufacturing or sale of conventional weapons or production and distribution of tobacco and activities constituting violations of the UN Human Rights Directive or the International Labour Organisation's Labour Rights Directive. Screening will also be applied to issuers that derive 50 % or more of their revenues from electricity generation with a GHG intensity of more than 100 g CO<sub>2</sub> e/kWh. 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 Sub-Investment Manager's proprietary analysis and research. The exclusion criteria is aligned with the exclusions for Paris-aligned Benchmarks detailed in Article 12(1)(a) – (g) of Commission Delegated Regulation (EU) 2020/1818. The current exclusion criteria may be updated from time to time.

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. For more information on the ESG Policy and the criteria detailed therein, please refer to the Fund's Sustainability-related disclosure on the website [etf.invesco.com](http://etf.invesco.com).

#### *Green Bond Selection Process*

Following the application of the ESG Policy, the Investment Manager, either itself or through the Sub-Investment Manager, considers Green Bonds from the initial investment universe for potential inclusion in the portfolio.

A Green Bond is eligible for inclusion in the portfolio if it is issued under a recognised green bond standard (e.g. International Capital Market Association (ICMA) / Climate Bond Initiative (CBI) / EU Green Bond Standard (EU GBS)). The Investment Manager checks the assessment of the Green Bond against an independent external reviewer's data to ensure agreement of the classification of a security as a Green Bond. The independent external reviewer's data account for the four core components required for alignment with the Green Bond Principles (namely 1.) Use of Proceeds, 2.) Process for Project Evaluation and Selection, 3.) Management of Proceeds and 4.) Reporting) in the classification of each Green Bond. Further details of the validation process and recognised green bond standards are provided in the ESG Policy, which forms part of the Sustainability-related disclosure available on the website [etf.invesco.com](http://etf.invesco.com).

#### *Portfolio Construction Process*

Following the application of the ESG Policy to the initial investment universe and the selection of Green Bonds from the initial investment universe, the Investment Manager's portfolio construction process is applied to the remaining eligible securities.

The proportion of Green Bonds in the portfolio is maximised, subject to the below targets relative to the Benchmark and daily liquidity considerations, which may include but are not limited to the availability of quotes on Green Bonds, market maker inventories and available bid/ask spreads on Green Bonds. The portfolio may be rebalanced daily as and when the Investment Manager can source liquidity in Green Bonds, in line with the liquidity considerations described above. The minimum proportion of Green Bonds in the portfolio is set at 20% of the Fund's invested assets (excluding cash holdings). As the proportion of Green Bond issuance in the Euro government and government-related market increases over time relative to non-Green Bond issuance, the Investment Manager expects that the weight of Green Bonds in the portfolio may also increase over time.

The Investment Manager will consider the relative composition of the portfolio against the Bloomberg Euro Aggregate Treasury Index (the "Benchmark"). In doing so, the Investment Manager aims, but is not required, to position the Fund such that, in normal market conditions:

- i. country weights are within +/- 10% relative to the Benchmark;
- ii. issuer weights do not exceed +10% relative to the Benchmark; and
- iii. portfolio weighted average duration is within +/- 0.2 years relative to the Benchmark.

The Benchmark is not aligned with the environmental and/or social characteristics which the Fund promotes. The application of the ESG Policy may result in a greater deviation from the Benchmark than indicated herein.

Any issuers classified as government-related will have their weight capped at 5% in the portfolio.

#### *Other Investments*

The Fund may invest in other open- or closed-ended CIS that provide exposure to fixed income securities or markets similar to those in which the Fund may invest directly. However, the Fund will not invest more than 10% of its net assets in other CIS.

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

The exclusionary criteria set out in the ESG Policy do not apply to CIS. For information on the selection criteria for CIS, please refer to the ESG Policy which forms part of the Sustainability-related disclosure on the Fund's webpage on <https://etf.invesco.com>. The ESG Policy does not apply to the other investments mentioned in this section.

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**". 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.

#### **Benchmark**

The Fund intends to measure its performance against the Benchmark. The Fund does not intend for its performance to exceed the Benchmark but as a result of the application of the quantitative process detailed above, the Fund will have a similar risk and return profile to the Benchmark and consequently may achieve similar performance to the Benchmark over the long term. The Fund is actively managed and will hold a portfolio of bonds that is not constrained by the Benchmark.

The target (ex-ante) tracking error of the portfolio relative to the Benchmark at the time of the application of the quantitative process will generally be approximately 1%, and the intention is that the realised tracking error shall not exceed 3% per annum, under normal market conditions.

The Benchmark measures the performance of the investment grade, Euro-denominated, fixed-rate government bond market. The Benchmark consists of public obligations of the sovereign countries participating in the European Monetary Union. Securities must have at least EUR 300 million par amount outstanding and at least one year until final maturity.

The Benchmark is rebalanced on a monthly basis.

The Benchmark is sponsored by Bloomberg and more details on the Benchmark can be found at <https://www.bloomberg.com/professional/product/indices/bloomberg-fixed-income-indices/#/ucits>

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

#### **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.

Given the investment strategy of the Fund and its risk profile, the likely impact of sustainability risks on the Fund's returns is expected to be low.

### **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 a portfolio of government and government-related bonds which meet the following criteria of the ESG Policy:

- a) securities are eligible if issued by countries that have ratified and implemented in equivalent national legislation: a) the eight fundamental conventions identified in the International Labour Organisation's declaration on Fundamental Rights and Principles at Work; and b) at least half of the 18 core International Human Rights Treaties.
- b) Issuer countries are excluded based on non-conformity with international treaties and assessments by third-party non-profit organisations; and
- c) Government-owned issuers that are not government guaranteed are excluded based on their involvement in controversial business activity or ESG controversies.

The Fund also maximises exposure to Green Bonds, according to the criteria set out under the heading the "Investment Policy of the Fund".

The Benchmark has been designated as the Fund's reference benchmark for the measurement of the Fund's performance, but the Benchmark is not representative of the Fund's portfolio following the application of the ESG Policy and the Green Bond Selection Process and 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**". In addition to the environmental characteristics promoted by the Fund and as a result of adhering to the requirements as set out in this section, the Fund aims to ensure ongoing compliance of its portfolio with the standards of the Towards Sustainability Label (further details of which can be found at: <https://www.towardssustainability.be/en/quality-standard>).

### **Use of FDIs by the Fund**

The Fund may engage in transactions in FDIs for hedging and/or efficient portfolio management purposes and/or for investment purposes to assist in achieving its investment objective.

In particular, the Fund intends to use the following FDIs listed on a Market or traded OTC as applicable: forwards contracts, futures, interest rate swaps, swaps on interest rate benchmarks, currency rate swaps and spot foreign exchange transactions.

The ESG Policy does not apply to the use of FDIs.

Further details on FDIs and how they may be used are contained in the Prospectus under "**Appendix III – Efficient Portfolio Management and Use Of Financial Derivative Instruments**".

### **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 is contained in the main body of the Prospectus under the heading "**Use of Financial Derivative Instruments and Efficient Portfolio Management**".

### **Securities Financing Transactions**

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 50%.

All securities of the Fund subject to securities lending will be recalled over voting dates to enable the Investment Manager to vote. The only collateral accepted in relation to securities lending for the Fund will be government debt issued by OECD countries and Singapore.

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 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. 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 – 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 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 will be limited to 100% of Net Asset Value using the commitment approach.

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.

### **The Investment Manager**

The Manager has appointed Invesco Advisers, Inc. as the Investment Manager. The registered address of the Investment Manager is 1555 Peachtree Street, N.E., Atlanta, Georgia, 30309, United States of America. The Investment Manager's ultimate holding company is Invesco Limited. and it is in the same group of companies as the Manager.

The investment management agreement dated 19 November 2020 between the Manager and the Investment Manager (the "**Investment Management Agreement**") provides that the appointment of the Investment Manager will continue unless and until terminated by either party giving to the other not less than 90 days' written notice although in certain circumstances, such as the insolvency of either party, a breach of contract by either party or a change of control of either party, the Investment Management Agreement may be terminated with immediate effect by notice in writing by either party to the other. Furthermore, the Manager may terminate the Investment Management Agreement without notice with immediate effect if the Manager considers, at its sole discretion, that this is in the best interests of the Shareholders in the Fund. The Investment Management Agreement contains certain indemnities in favour of the Investment Manager which are restricted to exclude matters resulting from the wilful misconduct, bad faith, fraud, material breach of the Investment Management Agreement or negligence by the Investment Manager in the performance of its duties or by reason of its reckless disregard of its obligations and duties under the Investment Management Agreement.

### **Dividend Policy**

Dividends will be declared on a quarterly basis for the Dist Shares, the USD 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 USD 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 in respect of those Shares.

## Trading

Application will be made to Euronext Dublin or Deutsche Boerse 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>	EUR
<b>Business Day</b>	A day (other than a Saturday or Sunday) on which the Trans-European Real-time Gross Settlement Express Transfer (TARGET-2) 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 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 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>	4:00pm (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>	6 <sup>th</sup> July 2023 in respect of the Acc and Dist Shares or such other date as the Directors may determine to reflect the close of the Initial Offer Period.

<b>Minimum Fund Size</b>	EUR 30,000,000
<b>Initial Offer Period</b>	The Initial Offer Period in respect of unlaunched Shares will start at 9.00 a.m. (Dublin time) on 29 May 2024 and close at 5.00 p.m. (Dublin time) on 28 November 2024 or such earlier or later date as the Directors may determine.
<b>Valuation Point</b>	<p>10.30pm (Irish 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 on a Market shall be the closing mid price on the relevant Market at the Valuation Point.</p>
<b>Settlement Date</b>	By the second Business Day after the relevant Dealing Day (or such other day as the Directors (or their delegate) may determine and notify in advance to the applicant).
<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

Share Class	"Dist"
<b>Share Class Currency</b>	EUR
<b>Initial Issue Price</b>	5 EUR per Share
<b>Minimum Initial Subscription, Minimum Subscription and Minimum Redemption Amount</b>	200,000 Shares unless the Directors determine otherwise.
<b>Minimum Holding</b>	N/A

Share Class	"Acc"
<b>Share Class Currency</b>	EUR
<b>Initial Issue Price</b>	5 EUR per Share
<b>Minimum Initial Subscription, Minimum Subscription and Minimum Redemption Amount</b>	200,000 Shares unless the Directors determine otherwise.
<b>Minimum Holding</b>	N/A

Share Class	"USD Hdg Dist"
<b>Share Class Currency</b>	USD
<b>Initial Issue Price</b>	5 USD per Share
<b>Minimum Initial Subscription, Minimum Subscription and Minimum Redemption Amount</b>	200,000 Shares unless the Directors determine otherwise.
<b>Minimum Holding</b>	N/A

Share Class	"USD Hdg Acc"
Share Class Currency	USD
Initial Issue Price	5 USD per Share
Minimum Initial Subscription, Minimum Subscription and Minimum Redemption Amount	200,000 Shares unless the Directors determine otherwise.
Minimum Holding	N/A

Share Class	"GBP Hdg Dist"
Share Class Currency	GBP
Initial Issue Price	5 GBP per Share
Minimum Initial Subscription, Minimum Subscription and Minimum Redemption Amount	200,000 Shares unless the Directors determine otherwise.
Minimum Holding	N/A

Share Class	"GBP Hdg Acc"
Share Class Currency	GBP
Initial Issue Price	5 GBP per Share
Minimum Initial Subscription, Minimum Subscription and Minimum Redemption Amount	200,000 Shares unless the Directors determine otherwise.
Minimum Holding	N/A

Share Class	"CHF Hdg Dist"
Share Class Currency	CHF
Initial Issue Price	5 CHF per Share
Minimum Initial Subscription, Minimum Subscription and Minimum Redemption Amount	200,000 Shares unless the Directors determine otherwise.
Minimum Holding	N/A

Share Class	"CHF Hdg Acc"
Share Class Currency	CHF
Initial Issue Price	5 CHF per Share
Minimum Initial Subscription, Minimum Subscription and Minimum Redemption Amount	200,000 Shares unless the Directors determine otherwise.
Minimum Holding	N/A

Share Class	"MXN Hdg Dist"
Share Class Currency	MXN
Initial Issue Price	100 MXN per Share
Minimum Initial Subscription, Minimum Subscription and Minimum Redemption Amount	200,000 Shares unless the Directors determine otherwise.
Minimum Holding	N/A

Share Class	"MXN Hdg Acc"
Share Class Currency	MXN
Initial Issue Price	100 MXN per Share
Minimum Initial Subscription, Minimum Subscription and Minimum Redemption Amount	200,000 Shares unless the Directors determine otherwise.
Minimum Holding	N/A

Share Class	"SEK Hdg Dist"
Share Class Currency	SEK
Initial Issue Price	5 SEK per Share
Minimum Initial Subscription, Minimum Subscription and Minimum Redemption Amount	200,000 Shares unless the Directors determine otherwise.
Minimum Holding	N/A

Share Class	"SEK Hdg Acc"
Share Class Currency	SEK
Initial Issue Price	5 SEK per Share
Minimum Initial Subscription, Minimum Subscription and Minimum Redemption Amount	200,000 Shares unless the Directors determine otherwise.
Minimum Holding	N/A

Additional share classes including hedged or portfolio-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 0.15% 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 0.15% per annum or such lower amount as may be advised to Shareholders from time to time.

<b>Share Class</b>	<b>"USD Hdg Acc"</b>
Management Fee	Up to 0.20% per annum or such lower amount as may be advised to Shareholders from time to time.

<b>Share Class</b>	<b>"USD Hdg Dist"</b>
Management Fee	Up to 0.20% 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 0.20% 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 0.20% per annum or such lower amount as may be advised to Shareholders from time to time.

<b>Share Class</b>	<b>"CHF Hdg Acc"</b>
Management Fee	Up to 0.20% per annum or such lower amount as may be advised to Shareholders from time to time.

<b>Share Class</b>	<b>"CHF Hdg Dist"</b>
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Management Fee	Up to 0.20% per annum or such lower amount as may be advised to Shareholders from time to time.
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Share Class	"MXN Hdg Acc"
Management Fee	Up to 0.20% 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 0.20% 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 0.20% 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 0.20% 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.

### 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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## 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) 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.
- (c) Environmental, Social and Governance Risk: The Fund intends to invest in securities of issuers that meet certain ESG criteria and issuers that aren't involved in specific business activities that could be deemed controversial from an ESG perspective. 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 apply similar ESG criteria.
- (d) Green Bond Risk: The Fund invests in Green Bonds which means the Fund will be more affected by the performance of Green Bonds than a fund that is more diversified across the bond market.

The market for Green Bonds and related regulation is evolving and therefore current accepted market standard definitions of “green” may change over time, including through applicable regulation. In such event, the Fund may, on notice to investors, change the definition of green bonds that is applied by the Fund.”

- (e) 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 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.

The eligible universe for the portfolio is broader than that of the Benchmark due to the possibility to invest in government-owned securities that are not government guaranteed. This may result in the overall credit risk profile of the portfolio to be different/lower than that of the Benchmark.

**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 Bloomberg Finance L.P. (“**Bloomberg**”), and Bloomberg bears no liability with respect to any such Funds or securities or any index on which such Funds or securities are based.

**Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Product name:** Invesco EUR Government and Related Green Bond Weighted UCITS ETF **Legal entity identifier:** 54930004RQNIL6FL9094

**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 20 % 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 maximise exposure to Green Bonds, according to the criteria set out under the heading “What investment strategy does this financial product follow?”;
- to gain exposure to a portfolio of government and government-related bonds which are issued by countries that have ratified and implemented in equivalent national legislation: a) the eight fundamental conventions identified in the International Labour Organisation’s declaration on Fundamental Rights and Principles at Work; and b) at least half of the 18 core International Human Rights Treaties;
- to exclude securities issued by countries that do not conform with international treaties and assessments by third-party non-profit organisations (e.g. the Paris Agreement, the UN Convention on Biological Diversity, the Nuclear Non-Proliferation Treaty, it has particularly high military budgets, it is considered to be a ‘Jurisdiction with strategic AML/CFT deficiencies’ by FATF, if has a score of less than 40/100 on the Transparency International Corruption Perception Index, or it is qualified as ‘Not Free’ by the Freedom House ‘Freedom in the World’ survey); and
- to exclude securities issued by Government-owned issuers that are not government guaranteed, if such issuers are involved in controversial business activity or ESG controversies (e.g. involvement in nuclear power, coal, unconventional as well as conventional oil and, controversial weapons, military weapons, civilian firearms, tobacco and activities constituting violations of the UN Human Rights Directive or the International Labour Organisation’s Labour Rights Directive).

Each of the criteria above is detailed further in the ESG Policy.

### 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:

- Percentage of the Fund’s NAV invested in excluded countries (as defined in the investment policy of the Fund);

**Sustainability indicators**

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

- Percentage of the Fund's NAV invested in government-owned issuers that are not government guaranteed involved in controversial business activities and controversies (as defined in the investment policy of the Fund); and
- Proportion of Green Bonds in the portfolio as a percentage of the Fund's invested assets (excluding cash holdings).

● ***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 Fund intends to make sustainable investments that contribute to environmental objectives which includes renewable energy, energy efficiency, pollution prevention and control, environmentally sustainable management of living natural resources and land use, biodiversity, clean transportation, sustainable water and wastewater management, climate change adaptation, circular economy and green buildings.

The Fund seeks to achieve those objectives by investing in Green Bonds, issued under a recognised green bond standard (e.g. ICMA/CBI/EU GS), that aim to finance or re-finance projects, expenditure or assets that help to address climate and environmental issues.

● ***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 applies the exclusion criteria set out in the ESG Policy of the Fund which 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).

Where securities are issued by an issuer that 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. Further information on the metrics that are used to assess the PAI indicators please refer to the ESG Policy which forms part of the Sustainability-related disclosure on the Fund's webpage at [etf.invesco.com](http://etf.invesco.com).

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

As explained above, the PAI indicators have been taken account in the exclusion criteria of the ESG Policy.

In relation to government-owned issuers that are not government guaranteed, the ESG Policy excludes a number of issuers 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 ESG Policy also excludes issuers involved in controversial weapons, and those that are deemed non-compliant with the principles of the United Nations Global Compact.

In relation to government issuers, the relevant PAIs are considered through the eligibility and exclusion criteria, e.g. countries that have not ratified the Paris Agreement are excluded which reduces exposure to greenhouse gas emissions. Additionally, by limiting eligibility to countries that have ratified and implemented in national legislation the eight fundamental conventions identified in the International Labour Organisation's Declaration on Fundamental Rights and Principles at Work, and at least half of the 18 core International Human Rights Treaties, the fund reduces exposure to countries exposed to social violations.

Further information on the PAI indicator thresholds are detailed in the ESG Policy, which can be found in the Fund's sustainability-related disclosure available on the Fund's webpage at [etf.invesco.com](http://etf.invesco.com).

● ***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 issuers, sectors or countries from the investment universe when such issuers 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.

**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.

*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 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).



**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.

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

The investment objective of the Fund is to provide the performance of the European government bond market by investing in an actively managed portfolio of government and government-related bonds that also factors ESG criteria into the portfolio construction and maximises exposure to Green Bonds subject to exposure and liquidity considerations.

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?

##### ESG Policy

The Investment Manager, either itself or through the Sub-Investment Manager, applies the ESG criteria to the security selection process, as set out below and further detailed in the ESG Policy, which can be found in the Fund's Sustainability-related disclosure available on the Fund's webpage at [etf.invesco.com](http://etf.invesco.com).

Bonds issued by governments and corresponding agencies and local authorities are eligible for inclusion in the portfolio if the relevant country has ratified and implemented each of the below in national legislation:

- the eight fundamental conventions identified in the International Labour Organisation's Declaration on Fundamental Rights and Principles at Work; and
- at least half of the 18 core International Human Rights Treaties

Supranational issuers are eligible for inclusion in the portfolio if the majority of countries constituting them (by count) are eligible based on the above criteria.

The Investment Manager also incorporates exclusionary criteria which specifically exclude countries based on international treaties and assessments by third-party non-profit organisations. A country will be excluded if:

- it is not party to the Paris Agreement; or
- it is not party to the UN Convention on Biological Diversity; or
- it is not party to the Nuclear Non-Proliferation Treaty; or
- it has particularly high military budgets (>4% gross domestic product); or
- it is considered to be a 'Jurisdiction with strategic Anti-Money Laundering / Combating the Financing of Terrorism (AML/CFT) deficiencies' by the Financial Action Task Force on Money Laundering (FATF); or
- it has a score of less than 40/100 on the Transparency International Corruption Perception Index; or

- it is qualified as 'Not free' by the Freedom House 'Freedom in the World'-survey.

Screening will also be employed to exclude securities issued by government-owned issuers that are not government guaranteed issuers, which derive or generate a predetermined 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, hard coal and lignite, oil fuels, gaseous fuels, production of restricted chemicals, activities endangering biodiversity, activities generating pollution, manufacturing or sale of conventional weapons or production and distribution of tobacco and activities constituting violations of the UN Human Rights Directive or the International Labour Organisation's Labour Rights Directive. Screening will also be applied to issuers that derive 50% or more of their revenues from electricity generation with GHG intensity of more than 100g CO<sub>2</sub> e/kWh. 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 exclusion criteria is aligned with the exclusions for Paris-aligned Benchmarks detailed in Article 12(1)(a) – (g) of Commission Delegated Regulation (EU) 2020/1818. The current exclusion criteria may be updated from time to time.

#### *Green Bond Selection Process*

Following the application of the ESG Policy, the Investment Manager, either itself or through the Sub-Investment Manager, considers Green Bonds from the initial investment universe for potential inclusion in the portfolio.

A Green Bond is eligible for inclusion in the portfolio if it is issued under a recognised green bond standard (e.g. International Capital Market Association (ICMA)/Climate Bond Initiative (CBI)/EU Green Bond Standard (EU GBS)). The Investment Manager checks the assessment of the Green Bond against an independent external reviewer's data to ensure agreement of the classification of a security as a Green Bond. The independent external reviewer's data sets account for the four core components required for alignment with the Green Bond Principles (namely 1.) use of proceeds, 2.) process for project evaluation and selection, 3.) management of proceeds and 4.) reporting) in the classification of each Green Bond. Further details of the validation process and recognised green bond standards are provided in the ESG Policy, which forms part of the Sustainability-related disclosure available on the Fund's webpage at [etf.invesco.com](http://etf.invesco.com).

#### *Portfolio Construction Process*

Following the application of the ESG Policy to the initial investment universe and the selection of Green Bonds from the initial investment universe, the Investment Manager's portfolio construction process is applied to the remaining eligible securities.

The proportion of Green Bonds in the portfolio is maximised, subject to the below targets relative to the Benchmark and daily liquidity considerations, which may include but are not limited to the following: availability of quotes on Green Bonds, market maker inventories and available bid/ask spreads on Green Bonds. The portfolio may be rebalanced daily as and when the Investment Manager can source liquidity in Green Bonds, in line with the liquidity considerations described above. The minimum proportion of Green Bonds in the portfolio is set at 20% of the Fund's invested assets (excluding cash holdings). As the proportion of Green Bond issuance in the Euro government and government-related market increases over time relative to non-Green Bond issuance, the Investment Manager expects that the weight of Green Bonds in the portfolio may also increase over time.

The Investment Manager will consider the relative composition of the portfolio against the Benchmark. The Benchmark is not aligned with the environmental and/or social characteristics which the Fund seeks to promote. The application of the ESG Policy may result in a greater deviation from the Benchmark than indicated herein.

Where a previously eligible company 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.

- **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?**

To ensure good governance of the investee companies (in the context of this Fund, this applies to the government-owned issuers that are not government guaranteed), the Investment Manager first identifies the issuers which violate this principle by systematically screening for controversies within the investable universe. To achieve this, the Investment Manager evaluates 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 an issuer being excluded from the investable universe and disinvested in case of a holding.



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

Taxonomy-aligned activities are expressed as a share of:

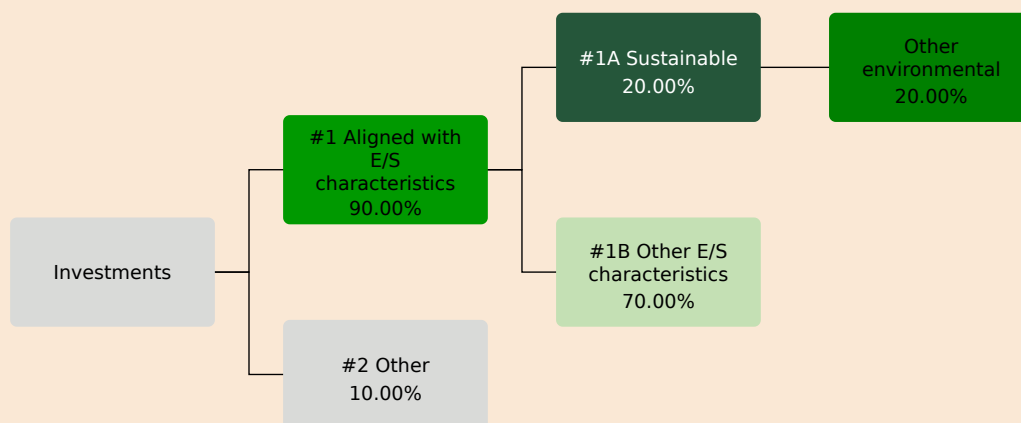
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities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

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

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 20% of the Fund's NAV will be invested in sustainable investments.



**#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

## 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.

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



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

0%

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.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

☐ Yes

☐ In fossil gas

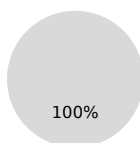
☐ In nuclear energy

☒ No

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.

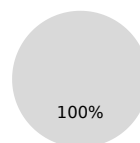
1. Taxonomy-alignment of investments including sovereign bonds\*

■ Taxonomy-aligned:  
Fossil gas  
■ Taxonomy-aligned:  
Nuclear  
■ Taxonomy-aligned  
(no gas and nuclear)  
■ Non Taxonomy-aligned



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

■ Taxonomy-aligned:  
Fossil gas  
■ Taxonomy-aligned:  
Nuclear  
■ Taxonomy-aligned  
(no gas and nuclear)  
■ Non Taxonomy-aligned



This graph represents  % of the total investments.

\*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

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 sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

20%



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

0%



**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.



**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

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

<sup>1</sup> 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 to 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.



- ***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).