



Invesco Multi-Factor Defensive Core Index Methodology

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Description

Overview

The Invesco Multi-Factor Defensive Core Index (the “Index”) is a member of the Invesco Fixed Income Factor Index family. The Index employs a factor based approach to provide multi-factor exposure in fixed income. The Index seeks to provide strong capital preservation with some additional income.

Index Construction

The Invesco Multi-Factor Defensive Core Index is an index of indexes comprised of the following underlying indexes:

Index	Weight
Invesco Investment Grade Defensive Index	15%
Invesco Emerging Markets Debt Defensive Index	10%
Invesco U.S. Treasury 1-3 Years Index	55%
Invesco U.S. Fixed Rate 30 Year MBS Index	20%

Details on the security selection criteria for each component index can be found in their respective methodology documents at www.invescoindexing.com.

History

The Index was launched on August 31, 2018. History is available for the Index since its base date of December 31, 2012. The base value of the Index is 100.

Related Indexes

Other related indexes include:

- Invesco Multi-Factor Core Plus Index
- Invesco Multi-Factor Core Index
- Invesco Multi-Factor Income Index
- Invesco Investment Grade Defensive Index
- Invesco Investment Grade Value Index
- Invesco Emerging Markets Debt Defensive Index
- Invesco Emerging Markets Debt Value Index
- Invesco High Yield Defensive Index
- Invesco High Yield Value Index
- Invesco U.S. Treasury 1-3 Years Index
- Invesco U.S. Treasury 10-30 Years Index
- Invesco U.S. Fixed Rate 30 Year MBS Index

Updates

Index Rebalance

The Index is rebalanced on a monthly basis. At that time, the set of eligible securities is determined, securities are selected for membership in the Index, and the Index is reweighted. See “Index Construction” on page 3 for more information about security selection and weighting.

Index Key Dates

The key dates surrounding each rebalance are outlined in the table below. The Index Review Team (see Governance on page 6) may change these dates for reasons including market holidays. Any such changes will be publicly announced with as much advance notice as possible under the circumstances. All events take place after the close.

Event	Day	Description
Reference Date	The 15 th day of the month	Data is captured for Index construction
Announcement Date	Six business days before the last business day of the month	Upcoming changes to the Index constituent list will be made publicly available
Pro-Forma Date	Three business days before the last business day of the month	Preliminary Index weights begin to be distributed to Index subscribers
Effective Date	Calendar month-end, whether or not the date is also a business day	Rebalanced Index weights are finalized

Calculation Agent

The calculation agent for the Index (“the Calculator”) is ICE Data Indices, LLC. The Calculator updates the Index monthly based on weights provided by Invesco Indexing LLC (Invesco Indexing). In addition, the Calculator updates daily Index weights based on price changes and corporate events (see Corporate Events section below), and it distributes Index data to Invesco Indexing and major Index data distribution partners (see Index Information and Data Dissemination on page 7).

Corporate Events

The Calculator identifies and adjusts for corporate events based on the following policy.

Corporate Event	Index Adjustment
Accrued Interest and Cash	With the exception of US securitized products (MBS, CMBS, CMO and ABS), accrued interest is calculated assuming next-day settlement. Accrued interest for US securitized products assumes same-day settlement. Cash flows from bond payments that are received during the month are retained in the Index until the end of the month and then are removed as part of the rebalancing. Cash does not earn any reinvestment income while it is held in the Index.
Called Securities	Securities that are announced as called are removed from the Index at the next rebalancing provided this occurs on or before the third business day before the last business day of the month.
Default Treatment	Defaulted securities are excluded from the Index at the next rebalancing following the default event, provided this occurs on or before the third business day before the last business day of the month. Securities are considered in default based on their individual legal terms. A rating of “D” by a major rating agency is not a consideration for default status.
No Re-entry Once Removed for Lack of Pricing	If a bond is removed due to lack of pricing that bond will not qualify for entry into the Index at a later date even if adequate pricing subsequently becomes available.

As mentioned above in the Calculation Agent section, the Calculator manages corporate events for this Index using its standard corporate events framework and its divisor index methodology. For additional details, please refer to [https://www.mlindex.ml.com/gispublic/bin/getDoc.asp?source=generalmethodology&fn=ICE BofAML Calculation Methodology.pdf](https://www.mlindex.ml.com/gispublic/bin/getDoc.asp?source=generalmethodology&fn=ICEBofAML%20Calculation%20Methodology.pdf).

Index Policy

The Index follows the general index policies of the Calculator as described below.

Changes to Index Methodology

Best efforts are made to announce any changes to Index methodology well ahead of time via the Invesco Indexing website and via email to all Index clients.

Pro-Forma Files

Invesco Indexing provides constituent pro-forma files (Projected_yyyymmdd.csv) each time the Index rebalances. The pro-forma file is typically provided daily in advance of the rebalancing date and contains all constituents and their corresponding weights effective for the upcoming rebalancing. The actual weight of each security at the Index rebalance typically differs from the pro-forma weights due to market movements.

Holiday Schedule

The Index is calculated on global business days and the last calendar day of every month. If the last calendar day of the month falls on a weekend, all prices are rolled from the last business day and accrued interest is calculated for the new settlement date.

The Index is not calculated on Global Holidays (defined as weekdays on which WM Company/Reuters does not publish closing FX rates) unless a Global Holiday falls on the last calendar day of the month, in which case prices are updated in all local markets that are open. Prices in all markets that are closed are rolled from the prior business day and accrued interest is calculated for the new settlement date.

Governance

The Index is managed by the Index Review Team (IRT). The IRT consists solely of members of Invesco Indexing. The IRT meets at least annually to review and revise Index methodology described in this document as appropriate. The IRT meets at least monthly to review additions and deletions to the Index. All potential monthly changes to the Index are subject to the approval of the IRT, and the IRT may adjust the Index at its discretion when such changes are reasonable.

Return Types and Tickers

The Calculator computes one return type for the Index on a daily basis.

Return Type	Bloomberg Ticker
Total Return	IIMFDC

Index Information and Data Dissemination

Data Vendors

Daily Index levels for all return types are available from major quote vendors and at www.invescoindexing.com. Intraday Index levels are available for the price return index only.

FTP

Daily constituent data and Index level data are available via the Invesco Indexing secure FTP site for Index subscribers. Please contact Invesco Indexing customer service at indexsupport@invesco.com for more information.

File Types

The Invesco Indexing secure FTP site for Index subscribers will distribute the standard overnight Index files from the Calculator. These include:

File Description	File Extension
Index Levels	Levels_YYYYMMDD.csv
Constituent Details	Holdings_YYYYMMDD.csv
Constituent Details Pro-Forma	Projected_YYYYMMDD.csv

The data on these files is provided directly by the Calculator, and no descriptive information contained in these files is used by Invesco Indexing at any stage of the Index creation process.

In addition, the Invesco Indexing secure FTP site contains the characteristics file, II.CHR. The characteristics file is created by Invesco Indexing monthly at the time of index rebalance and is updated throughout the month as necessary. It contains characteristics data used by Invesco Indexing in the creation of the Index or that otherwise helps to describe the index constituents. These data include sector, country, region, and developed/emerging classification. Please contact Invesco Indexing customer service at indexsupport@invesco.com for more information.

Website

Index information is available on the Invesco Indexing website at www.invescoindexing.com.

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