



Invesco Indexing Corporate Event Methodology

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Invesco Indexing Corporate Event Methodology

1. Introduction

The calculation agent for Invesco equity index ("the Calculator") is S&P Dow Jones Indices. The calculator manages corporate actions for the indexes using its standard float market cap weighted framework for Invesco market cap weighted indexes and its modified market cap weighted framework for other Invesco equity indexes. Below is general information about corporate action treatment. For additional details, please refer to their website at <http://us.spindices.com>.

2. Treatment of Corporate Events

2.1 Share changes and float updates

- Market cap weighted index

Changes in shares outstanding of securities affect the weight of securities. Index weights of affected stock increase/decrease with shares outstanding increase/decrease.

Float of index constituents get updated quarterly, together with index rebalance.

- Indexes with other weighting scheme

Share changes and float changes has no impact on index weight.

2.2 Rights offer

- Market cap weighted index

Rights offer will only impact the index when it's in the money, meaning the subscription price < the stock closing price on the day before the ex-date. The assumption is that main clients are long-only indexers and, as rational investors, they will exercise any rights that are in-the-money to mimic the index and keep tracking error minimized.

In general, shares outstanding will increase for the company with respect to rights ratio. Spot price is adjusted and weight of the stock will increase in the case of in the money rights offer.

- Indexes with other weighting scheme

Rights offer has no impact on index weight.

2.3 Spin-off

If a constituent company is split and forms two or more companies, then the resulting securities will be added into the index at a zero price at the market close of the day before the ex-date (with no divisor adjustment). Parent and spun-off will split the original weight proportional to market cap on first day of trading. The spin-off securities will be reviewed at the next index reconstitution or index review to decide its eligibility to the index. This applies to all indexes.

2.4 Merger and acquisition

2.4.1 Constituent acquiring another constituent (cash offer)

The acquired company is deleted from the index. There's no impact on the acquiring company. Divisor and weights for all index components will adjust proportionally; all other index components will see no change in index shares.

2.4.2 Constituent acquiring another constituent (shares offer or combined offer)

- Market cap weighted index

The acquired company is deleted from the index. The shares and weight of the acquirer will be adjusted with respect to the stock terms of the acquisition. Divisor and weights for all index components may adjust proportionally to reflect the share change if any to the acquirer; all other index components will see no change in index shares.

- Indexes with other weighting scheme

The acquired company is deleted from the index. The shares and weight of the acquirer will not change. Divisor and weights for all index components will adjust proportionally; all other index components will see no change in index shares.

2.4.3 Non-constituent acquiring constituent

The acquired company is deleted from the index. Divisor and weights for all index components will adjust proportionally; all other index components will see no change in index shares.

2.4.4 Constituent acquiring non-constituent (cash offer)

There's no impact on all index constituents.

2.4.5 Constituent acquiring non-constituent (shares offer or combined offer)

- Market cap weighted index

Shares and weight increase for the acquirer. Divisor and weights for all index components will adjust proportionally; all other index components will see no change in index shares.

- Indexes with other weighting scheme

There's no impact on all index constituents.

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