

**Index Methodology Changes – Conclusions from the February 2020
Index Methodology Review of
Nasdaq BulletShares® USD High Yield Corporate Bond Indexes and
Invesco BulletShares® Municipal Bond Indexes**

March 16, 2020

In February, Invesco Indexing completed a methodology review of the Nasdaq BulletShares® USD High Yield Corporate Bond Indexes and Invesco BulletShares® Municipal Bond Indexes. Through this exercise, the team considered index methodology updates that have the potential to enhance the Indexes' overall representativeness, liquidity, and consistency with expected exposures and outcomes. Invesco Indexing recognizes that changes to a methodology may have an impact on organizations that use the Indexes as the basis of a portfolio, a performance benchmark, or a comparative index for analytical purposes, among other uses. Therefore, the team seeks feedback from its clients on proposed changes to better understand the impact from the viewpoint of various stakeholders. Invesco Indexing has actively solicited such feedback from their clients and the general public, which helped provide important context for the index methodology proposals. As a result of the index methodology reviews and accompanying client consultations, Invesco Indexing is announcing one non-material change to each of these Indexes' methodologies. Revisions to the index methodology document will be available on the Invesco Indexing website at www.InvescoIndexing.com by the end of March 2020. Highlights of the methodology changes follow.

While full index methodology reviews and client consultations occur annually, Invesco Indexing continuously examines the design, construction, and maintenance of its indexes to ensure that they continue to deliver the expected market exposure and outcomes through clear, thoughtful, and transparent index construction methodologies. As always, the team welcomes client feedback at IndexSupport@invesco.com.

Kind regards,

Invesco Indexing LLC

Index methodology change #1:

Remove the 20% turnover limit in the December reconstitution for deletions from the Index maturing the following year (the “Next-Year Maturity Index”). If doing so would result in turnover greater than 20% for additions to an Index with a maturity other than the following year, additional turnover will be allowed for that Index up to the level necessary to accommodate the inclusion of constituents moving from the Next-Year Maturity Index. The 20% turnover limit will be left in place for additions to the Next-Year Maturity Index.

Affected indexes:

All Nasdaq BulletShares® USD High Yield Corporate Bond Indexes (10 in total)

Current index methodology treatment:

The Indexes undergo a semi-annual reconstitution in June and December. During these months, Index constituents are updated to reflect any changes in the underlying investable universe as well as changes in the effective maturities of the bonds that comprise the universe. When there is a change in effective maturity, securities leave one Index and enter another, or are deleted from an Index altogether, subject to a turnover constraint. At reconstitution, one-way turnover is limited to 20% according to hierarchical rules established in the Updates section of the methodology document found [here](#). If there are bonds that otherwise would be transferred to another Index based on their effective maturity, but the 20% turnover limit has been reached, those bonds remain in the original Index.

New index methodology treatment:

For the Index maturing in the year following a December reconstitution, the 20% turnover limit will be removed for deletions only. Removing the 20% turnover limit at the December reconstitution for the Index maturing the following year may lead to turnover greater than 20% for other maturity year Indexes. Should this occur, additional turnover will be allowed for the affected Index(es) up to the level necessary to accommodate the constituents moving from the Next-Year Maturity Index.

The 20% turnover limit will be left in place for additions to the Next-Year Maturity Index.

Effective date:

July 2020 index rebalance

Index methodology change #2:

Remove the exclusion of guaranteed, letter of credit (LOC), and crossover refunding bonds.

Affected indexes:

All Invesco BulletShares® Municipal Bond Indexes (9 in total)

Current index methodology treatment:

The Indexes currently exclude guaranteed, LOC, and crossover refunding bonds.

New index methodology treatment:

The exclusion of guaranteed, LOC, and crossover refunding bonds will be removed.

Effective date:

March 2020 index rebalance

For further information, please contact IndexSupport@invesco.com.

Kind regards,

Invesco Indexing LLC