



Invesco / A&P Capital Retirement Income Index Methodology

June 2022

Invesco / A&P Capital Retirement Income Index

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Index Overview

Description

The Invesco / A&P Capital Retirement Income Index (the "Index") represents today's cost of receiving \$1 per year for 30 years of assured, liquid income beginning on the next maturity date of the Index's underlying securities.

Index Universe

The Index Universe consists of US Treasury, interest-only and principal-only Separate Trading of Registered Interest and Principal of Securities (IO STRIPS and PO STRIPS, respectively) with a maturity date of the 15th of February, May, August, or November between the current date and 30 years in the future.

Security Selection

The Index includes all constituents of the Index Universe. Securities are excluded if pricing data is not available from the Calculator (see Index Calculation and the Role of the Calculation Agent on page 5).

Security Weighting

The Index is designed to deliver \$1.00 of income per year, or \$0.25 of income per quarter, perpetually. The Index market value of security, i , that matures on day, t , is determined by:

$$MV_{i,t} = \left(\frac{0.25}{\# \text{ of separate bond issues maturing on day } t} \right) Px_i$$

where Px_i is the current price of security i .

The Index Value is determined by:

$$\sum_{i=1}^n MV_i / 100$$

where n is the total number of separate bond issues in the Index.

The weight of an individual security, j , is determined by:

$$\frac{MV_j}{\text{Index Value}}$$

All security weighting criteria are applied on the Reference Date of an Index update (see Updates on page 4).

History

The Index was launched on August 22, 2022. History is available for the Index since its base date of August 31, 2009. The base value of the Total Return Index is 100.

Updates

Index Rebalance

The Index typically is rebalanced on the first business day after the 14th of each February, May, August, and November (“Rebalance Months”)¹. 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 Overview” on page 3 for more information about security selection and weighting.

Index Key Dates

The key dates are as follows. The Index Review Team (see Governance on page 7) 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 | First business day after the 14 th calendar day | Data is captured for Index construction |
| Effective Date | First business day after the 14 th calendar day | Rebalanced Index weights are finalized |

¹ Should an issue with data availability arise, the Index is rebalanced on the second business day after the 14th of each February, May, August, and November.

Index Calculation and the Role of the Calculation Agent

The calculation agent for the Index (“the Calculator”) is ICE Data Indices, LLC. The Calculator evaluates the closing value of the Index, updates the Index at Rebalance Months based on constituent selections and weightings determined either by Invesco Indexing LLC or the Calculator (with appropriate oversight and review by Invesco Indexing), taking into account Corporate Events (see Corporate Events on page 6), and disseminates the values of the Index to Invesco Indexing LLC and major index data distribution partners (see Index Information and Data Dissemination on page 9).

Calculator Input Data Used and Hierarchy of Input Data

The Index is calculated using closing prices or last transacted prices of underlying constituent securities from exchanges or exchange equivalents. Should this type of data be unavailable, the Index may be calculated using quotes or evaluated data or, in case when continued availability of transacted security prices from security exchanges is suspended, the Calculator reserves the right to exercise a judgement call, including carrying forward the latest available closing price.

Use of Discretion and/or Expert Judgement

No discretion or expert judgement is exercised by Invesco Indexing LLC in the determination of daily index pricing. Rules-based index methodologies, which cover index construction, maintenance and calculation, provide that discretion is not used in the daily pricing of the indexes except in unusual cases not effectively addressed by the methodology, which could be exercised by the Calculator. These include, but may not be limited to:

- Corporate events not previously encountered,
- Structural changes to the underlying markets,
- Operational issues at security exchanges,
- Geo-political events,
- Technological problems / failures, or
- Natural disaster or other business continuity process-related event.

In such circumstances, the calculating agent will inform Invesco Indexing LLC of any discretion being used.

Potential Limitations of the Methodology and Benchmark Calculation

The potential limitations of daily Index calculation include circumstances where the prices of constituent elements of the Index are not available, either because there are insufficient participants or because the exchange(s) / exchange equivalent(s) suffers an unexpected outage or closure or Invesco and/or the Calculator is denied permission to use such data for determining the Index. In such circumstances an announcement will be made to notify clients, including whether the Index will not be published or delayed in publication.

Market Events

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

| Market Events | Index Adjustments |
|----------------------------------|---|
| Negative Interest Rates | If the 30-year US Treasury rate ² becomes negative, the Index will no longer rebalance according to the schedule identified in the Updates section (see page 4), will maintain its current constituents, and will not replace them when they mature. The resumption of the standard rebalance schedule will be announced publicly by Invesco Indexing when conditions warrant. |
| Intra-Rebalance Security Removal | If a constituent security is no longer available in the market on a date other than a standard quarterly rebalance, the security is removed from the Index and its weight is allocated pro forma to any other securities maturing on the same date, if available. If no other securities maturing on the same date are available, the Index will hold the weight of the removed security as non-interest bearing cash until the next Index rebalance. |

² Source: U.S. Department of the Treasury, https://home.treasury.gov/resource-center/data-chart-center/interest-rates/TextView?type=daily_treasury_yield_curve&field_tdr_date_value=all

Index Policy

All Index constituents are evaluated daily for data needed to calculate Index levels and returns. The Index follows the general Index policies of the Calculator as described below.

Announcements

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.

Holiday Schedule

The Index is calculated on all business days except for New Year's Day, Good Friday, and Christmas Day.

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 annually to review additions and deletions to the Index. All changes to the Index on Rebalance Months are subject to the approval of the IRT, and the IRT may make adjustments to the Index at its discretion when such changes are reasonable.

Index Methodology Update and Cessation Policy

Invesco Indexing periodically, at least annually, reviews each Index and its accompanying methodology, in addition to periodic rebalancing (if applicable), in an effort to ensure the Index continues to accurately represent that portion of the market it was originally intended to, and delivers the outcomes one would expect from the Index's exposures.

The procedures for the internal review of the methodologies, changes to the methodologies and procedures performed when the Index administered is ceasing publication are described in detail in the Changes to Benchmark Methodology and Cessation Policy.

Return Types and Tickers

The Calculator computes the Index Value and Total Return of the Index on a daily basis.

| Type | Ticker |
|--------------|--------|
| Index Value | RIIX |
| Total Return | RIIXT |

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.

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 | IISP_IND_yyyymmdd.csv |
| Constituent Details | IISP_daily_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, security characteristics are available upon request. The characteristics are created by Invesco Indexing periodically and are updated as necessary. The characteristics data contribute to the creation of the Index or otherwise help to describe the Index constituents. These data include sector, country, region, bond type, aggregate credit rating 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.

Definitions of Key Terms

Terms used in this document but not otherwise defined are defined in the following table. Definitions, that are marked with a (*) are sourced from Regulation (EU) 2016/1011 (“EU Benchmark Regulation”) Article 3. Definitions, that are marked with a (**) are sourced from IOSCO Principles for Financial Benchmarks³.

| Term | Definition |
|---------------------------------------|---|
| Administrator * | ‘Administrator’ means a natural or legal person that has control over the provision of a benchmark; |
| Benchmark * | ‘Benchmark’ means any index by reference to which the amount payable under a financial instrument or a financial contract, or the value of a financial instrument, is determined, or an index that is used to measure the performance of an investment fund with the purpose of tracking the return of such index or of defining the asset allocation of a portfolio or of computing the performance fees; |
| Calculation Agent ** | A legal entity with delegated responsibility for determining a Benchmark through the application of a formula or other method of calculating the information or expressions of opinions provided for that purpose, in accordance with the Methodology set out by the Administrator; |
| Contribution of Input Data * | ‘Contribution of input data’ means providing any input data not readily available to an administrator, or to another person for the purposes of passing to an administrator, that is required in connection with the determination of a benchmark, and is provided for that purpose. |
| Corporate Action | A Corporate Action occurs when there is a change to a company’s capital structure. Unlike Corporate Events, Corporate Actions have a prescribed ex-date. The share price will be subject to an adjustment on the ex-date and Invesco Indexing and/or the calculating agent will adjust the index to counteract the effect that the price change would otherwise have on the index. Examples of corporate actions include rights or entitlement issues, consolidations, stock splits and capital repayments. |
| Expert Judgment * | ‘Expert judgement’ means the exercise of discretion by an administrator or a contributor with respect to the use of data in determining a benchmark, including extrapolating values from prior or related transactions, adjusting values for factors that might influence the quality of data such as market events or impairment of a buyer or seller’s credit quality, and weighting firm bids or offers greater than a particular concluded transaction; |
| Index* | ‘Index’ means any figure: (a) that is published or made available to the public; (b) that is regularly determined: (i) entirely or partially by the application of a formula or any other method of calculation, or by an assessment; and (ii) on the basis of the value of one or more underlying assets or prices, including estimated prices, actual or estimated interest rates, quotes and committed quotes, or other values or surveys; |
| Input Data * | ‘Input data’ means the data in respect of the value of one or more underlying assets, or prices, including estimated prices, quotes, committed quotes or other values, used by an administrator to determine a benchmark; |
| Material Change to Methodology | In determining whether a change to an Index is material, the following factors shall be taken into account: <ul style="list-style-type: none"> • Economic impact of the change; • Whether the change affects the original purpose of the Index. |
| Methodology ** | The written rules and procedures according to which information is collected and the Benchmark is determined; |
| Rebalance | The regular process (typically quarterly, semi-annually or annually) in which the eligibility and weights of constituent elements of indexes are reassessed; |
| Subscriber ** | A person or entity that purchases Benchmark determination services from an Administrator; |
| Transaction Data * | ‘Transaction data’ means observable prices, rates, indices or values representing transactions between unaffiliated counterparties in an active market subject to competitive supply and demand forces; |

³ <http://www.iosco.org/library/pubdocs/pdf/IOSCOPD415.pdf>

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