

# Invesco S&P/TSX Composite ESG Index ETF

TSX: ESGC

Invesco Canada introduces a low-cost ETF based on the S&P/TSX Composite ESG Index, which integrates environmental, social and governance considerations.



The S&P/TSX Composite ESG Index is designed to provide a risk and return profile similar to the benchmark S&P/TSX Composite Index, making this ETF suitable as a core portfolio holding. Investors do not need to sacrifice returns when they choose investments that align with their values.

**Environmental, Social, and Governance (ESG) Investing focuses on investing in companies that meet certain criteria across one or more of its three tenets.**

**Environmental:** how a company manages or reduces green house gas emissions, energy efficiency and waste management



**Social:** how a company treats people such as Human rights, labour standards and employee relations

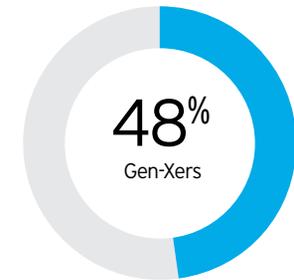
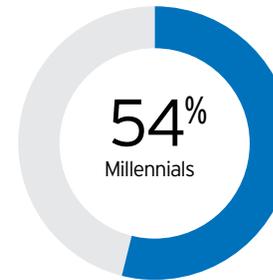


**Governance:** how a corporation polices itself through board diversity, executive compensation and policies & controls on bribery and corruptions



## ESG investing is being embraced by retail investors.

Percentage shown reflects investors who agree with the statement, "I rather invest in companies that have a positive social or environmental impact."



Source: The Cerulli Report: U.S. Environmental, Social, and Governance Investing 2019 - Exhibit 6.10

## A tested methodology to integrate ESG criteria into a Canadian core holding

Many investors require funds that are aligned with their investment objectives and their values. The S&P/TSX Composite ESG Index was designed with both of these needs in mind.

1



To provide a similar risk/return profile to the S&P/TSX Composite Index

2



To avoid companies that are not managing their business in line with their peers as it pertains to ESG principles, while including companies that are

### S&P/TSX Composite Universe

#### EXCLUDE

Tobacco, thermal coal, controversial weapons<sup>1</sup>, low United Nations Global Compact (UNGC)<sup>2</sup> score and with S&P DJI ESG Scores in the bottom 25% of their GICS industry group globally.\*

#### SORT AND SELECT

Sort eligible companies by S&P DJI ESG Score within each GICS industry. Select top scoring ESG companies, targeting 75% of the market capitalization in each GICS industry.

Weight companies by float-adjusted market capitalization.

Reconstitute and rebalance annually. Controversies can come up between annual rebalances. S&P DJI has a built-in review process. The SAM Media and Stakeholder Analysis (MSA) was developed to formally review and remove those companies involved in activities related to economic crimes, fraud, human rights issues, etc.

### S&P/TSX Composite ESG Index

GICS: Global Industry Classification Standard

\* Source: S&P Global January 2020. S&P Global ESG Scores give financial institutions the transparency and flexibility to drill down into three underlying Environmental, Social and Governance & Economic Dimension Scores, with an average of 23 Criteria Scores. Core ESG Indices, from a pioneer of ESG Indexing

# Invesco S&P/TSX Composite ESG Index ETF

TSX: ESGC



**0.15%**

Low cost management fee

**75%**

The index targets 75% of the float adjusted market capitalization of each GICS® industry group within the S&P/TSX Composite Index

**US\$ 1.0+ Trillion**

Leveraging the scale and expertise of a global asset manager. Invesco Ltd assets under management as at November 30, 2020<sup>4</sup>

## S&P/TSX Composite ESG Index Key Performance Indicators<sup>3</sup>



**Environmental**

**10%** higher exposure to companies that have set a corporate level climate impact target



**Social**

**7%** higher exposure to companies that actively monitor diversity-related issues



**Governance**

**12%** higher exposure to companies that have codes of conducts covering not only employees but for key partners

ETF	Ticker	Distribution Frequency	Rebalance frequency	Management Fee
Invesco S&P/TSX Composite ESG Index ETF	ESGC	Quarterly	Annual, last business day of April	0.15%

Mutual Fund*	Fund code	Management Fee
Invesco S&P/TSX Composite ESG Index ETF Class - Series A	AIM 6153	1.15%
Invesco S&P/TSX Composite ESG Index ETF Class - Series F	AIM 6157	0.15%
Invesco S&P/TSX Composite ESG Index ETF Class - Series PTF	IESGC	0.15%

The mutual funds described above invest in securities of ESGC. The expenses and performance of the ETF and the mutual fund will differ.

\* Part of Invesco Corporate Class Inc.

1 Controversial weapons include cluster weapons, landmines, biological or chemical weapons, depleted uranium weapons, white phosphorus weapons, and nuclear weapons.

2 Source: The United Nations Global Compact is a strategic initiative that supports global companies that are committed to responsible business practices in the areas of human rights, labor, the environment, and corruption.

3 Source: S&P Dow Jones Indices LLC. The Key Performance Indicators are examples of the ways the S&P/TSX Composite ESG Index offers enhanced ESG representation relative to the S&P/TSX Composite Index. S&P DJI ESG Scores are calculated by SAM, a business unit of S&P Global, Inc. and affiliate of S&P Dow Jones Indices LLC. Increased index exposure to each ESG theme is also calculated by SAM using granular scores derived from the SAM's Corporate Sustainability Assessments (2019 methodology year).

These metrics are calculated using index data as of July 31 2020 as the percentage difference between the ESG characteristics of the S&P/TSX Composite ESG Index and the S&P/TSX Composite Index, on a weighted average basis.

4 Source: Invesco Ltd., as at November 30, 2020, USD

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There are risks involved with investing in ETFs. Please read the prospectus for a complete description of risks relevant to the ETF. Ordinary brokerage commissions apply to purchases and sales of ETF units. While the ETF and the Invesco Fund seek to replicate the performance of the same index or to follow the same strategy, the ETF and the Fund have different management fees and expenses, and performance of the ETF and the Fund will differ.

Most Invesco ETFs seek to replicate, before fees and expenses, the performance of the applicable index, and are not actively managed. This means that the sub-advisor will not attempt to take defensive positions in declining markets and the ETF will continue to provide exposure to each of the securities in the index regardless of whether the financial condition of one or more issuers of securities in the index deteriorates. In contrast, if an Invesco ETF is actively managed, then the sub-advisor has discretion to adjust that Invesco ETF's holdings in accordance with the ETF's investment objectives and strategies.

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