

Consumer Duty

Price and value methodology

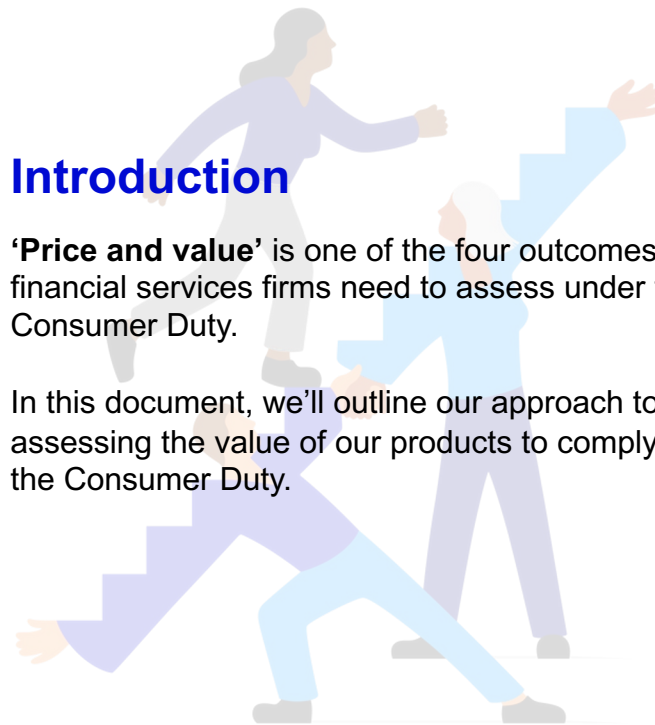
June 2023

For financial professionals only.

Introduction

‘Price and value’ is one of the four outcomes that financial services firms need to assess under the Consumer Duty.

In this document, we’ll outline our approach to assessing the value of our products to comply with the Consumer Duty.



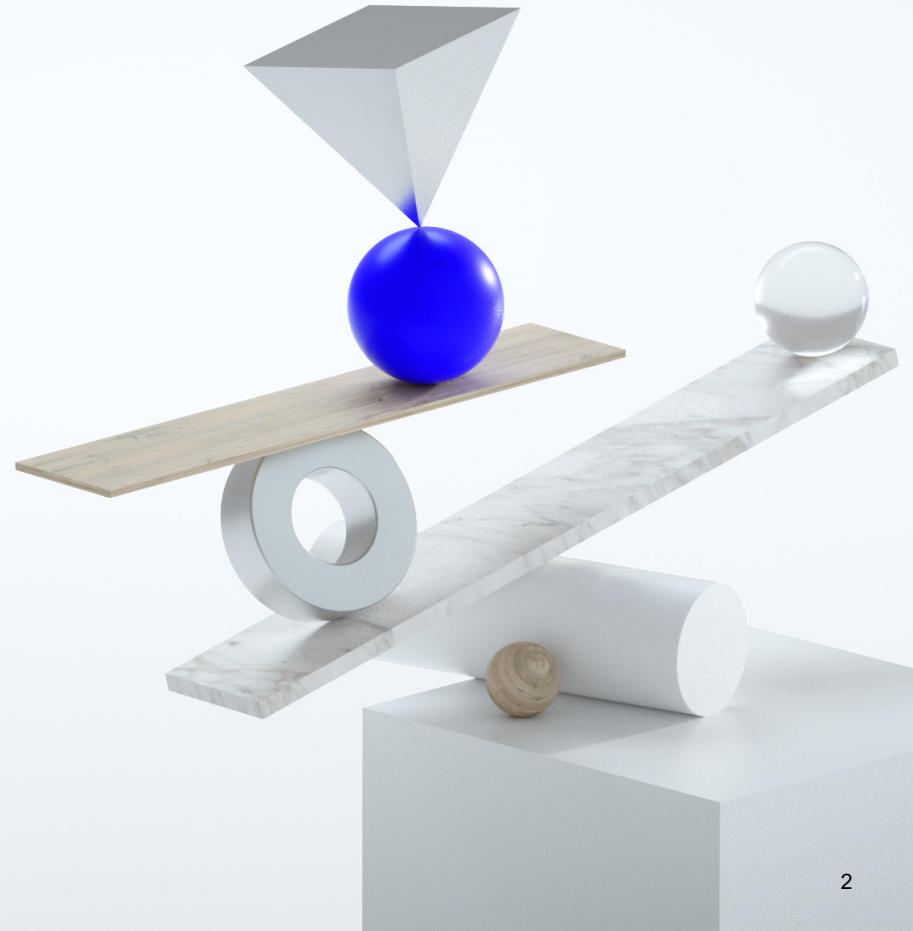
The final guidance released by the FCA notes that in assessing value, firms must consider at least the following:

- the nature of the product or service, including the benefits that will be provided or may reasonably be expected and their qualities,
- any limitations that are part of the product or service (e.g., limitations on scope of cover for insurance products),
- the expected total price customers will pay, including all applicable fees and charges over the lifetime of the relationship between customers and firms.

Based on the above criteria, we've looked at the following components to assess value and operate a traffic light system (when applicable) to evaluate our value in our range:

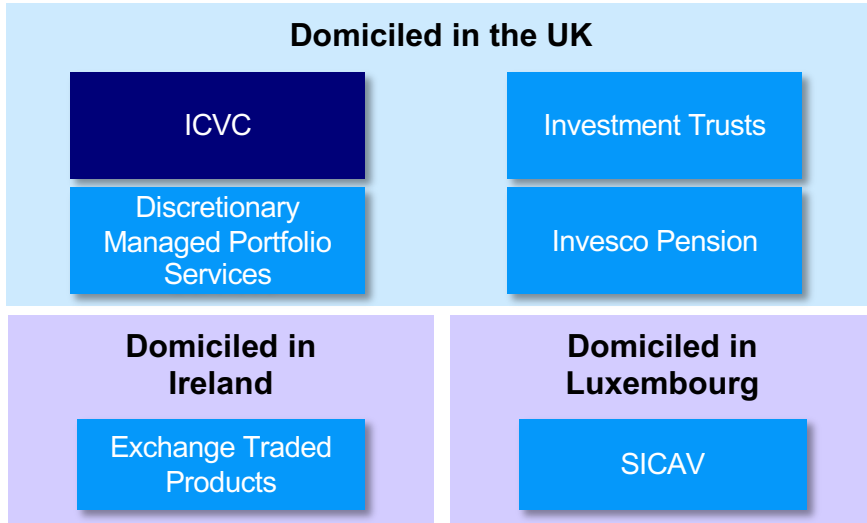
- 1 Nature of the product
- 2 Limitations
- 3 Total price paid

In addition, we have considered vulnerable customers in our assessment of value and have covered this briefly in this document as well



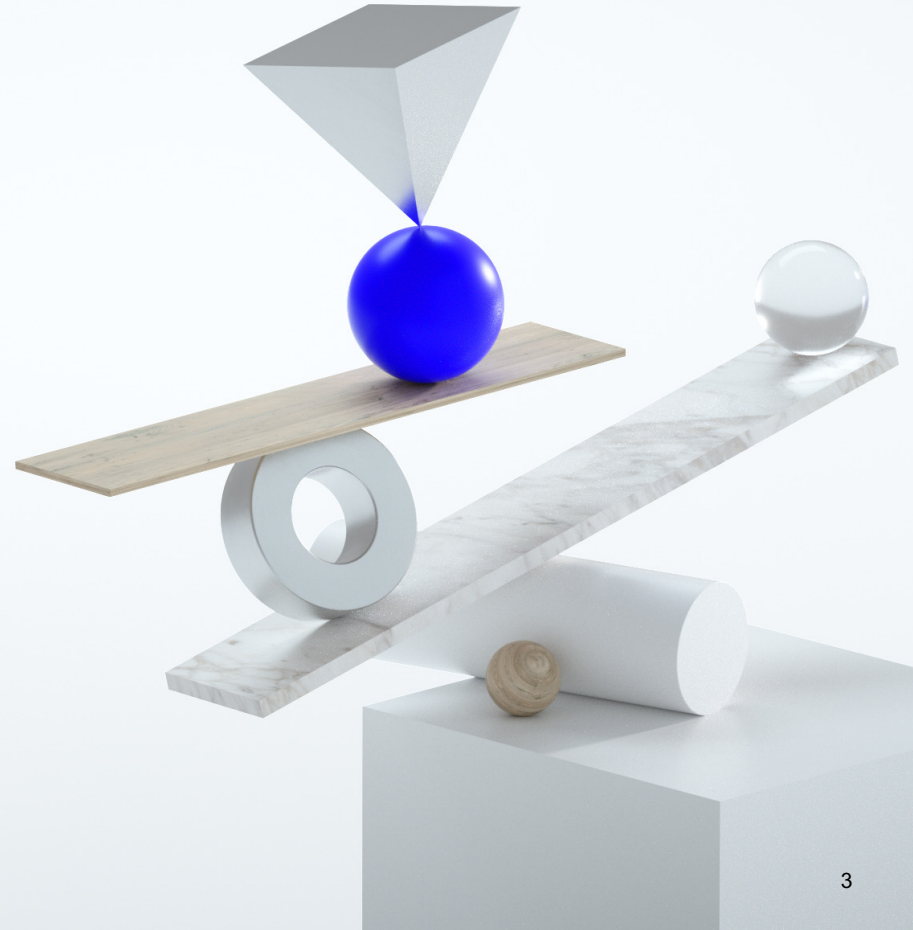
Product and Services Scoping

A value assessment was completed for all products we are selling to retail customers into the UK, (excluding ICVCs that are covered by COLL 6.6 and leveraged the existing value assessment as it is). We have aimed for consistency across the different ranges to make this process as simple as possible for our sub-distributors.



Key

- In Scope of Consumer Duty and covered by PRIN value assessment
- Covered by COLL value assessment



1. Nature of the product

How we evaluated it

We ask ourselves the following three questions – each is crucial to ensure the value of the product.

Have we defined the benefits the product is intended to provide?

We've looked at whether the target market and the objectives for the product have been defined.

Do we have a robust and high-quality support and control infrastructure in place?

This meant undertaking an internal review of the services provided. As part of this process, we evaluated our services and looked at service performance metrics across a number of our operational teams.

Our review encompassed a broad range of services, such as risk management, trading, digital platform, fund documentation, human resources, finance, data management, data security and administration, among other areas.

Do we believe the relevant investment teams have the capability and investment quality to deliver against their goals?

We look at various qualitative and quantitative metrics depending on product type, including:

- Investment team setup and processes
- Active share¹
- Ex-ante tracking error²
- Ex-post tracking error³
- Past performance²
- Tracking deviation³

¹Active equity products only; ²Active products only; ³Passive products only

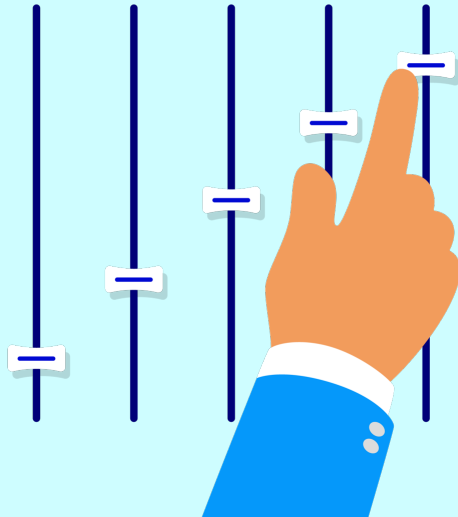


2. Limitations

Consideration

We have also considered potential limitations that are part of our products.

There is a level of uncertainty associated with the outcome of all our products. However, this is covered under the 'Nature of product' component.



3. Total price paid

How we evaluated it

1. Is the total price clear and transparent?

We've looked at whether the Key Information Documents (KIDs) are available. KIDs are short and plainly-worded documents that provide investors with information about the features, risks, and costs of investment products. We also evaluated the processes in place to avoid charging undue costs to our clients

2. Have we considered all potentially additional charges?

We've looked at all the additional charges that may apply.

3. Does fee impact ability of product to deliver value?

Here, we've looked at the maximum fee that may apply and compared it to the potential outperformance of the product. We have also evaluated fee differences between our share classes and in relation to the different services associated with these share classes

3. Are our fees in line with our expectations vs competitors?

We seek to provide high-quality products and superior customer service level. We've therefore looked at competitors with a similar positioning and checked whether our fees are aligned.

Vulnerable customers

Consideration

- Invesco doesn't design products specifically targeting vulnerable customers. However, we're aware that all retail customers are at risk of becoming vulnerable.
- In our view, the key drivers of vulnerability are as follows:



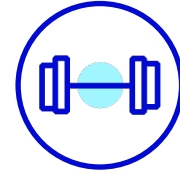
Health



Life events



Resilience



Capability

- Should customers become vulnerable, this could result in changing aspects such as risk tolerance or a sudden need for liquidity.
- Products marketed and sold in the retail market are designed to meet the needs of identified consumer groups and are targeted accordingly.
- We are also committed to simplicity, clarity, and transparency in all customer communications, with a tone that is confident, helpful, and engaging.

Investment risks and important information

Investment risks

The value of investments and any income will fluctuate (this may partly be the result of exchange rate fluctuations) and investors may not get back the full amount invested.

Important information

This marketing communication is exclusively for use by Professional Clients in the UK. It is not intended for and should not be distributed to the public.

Issued by Invesco Asset Management Limited, Perpetual Park, Perpetual Park Drive, Henley-on-Thames, Oxfordshire RG9 1HH, UK. Authorised and regulated by the Financial Conduct Authority.