



UCITS Remuneration Policy

Scope

This policy outlines the remuneration framework applicable to the staff involved in the management of undertakings for collective investments in transferable securities ("UCITS") of Invesco Management S.A. (the "Company"). While the general provisions apply to all employees, some elements of the policy are applicable only to "Identified Staff", as defined below.

The Company is an indirectly wholly-owned subsidiary of Invesco Ltd. ("Invesco") and is subject to Directive 2009/65/EC, as amended by Directive 2014/91/EU and as implemented locally (the "Directive"). The Company is subject to the remuneration requirements of the Directive in relation to its management of UCITS and has appointed the Compensation Committee of Invesco (the "Committee") to perform certain remuneration functions in accordance with the Directive.

Information about the Committee

The Committee is chaired by Mr. C. Robert Henrikson and consists additionally of Messrs. Johnson, Kessler, Lawrence, Wagoner and Ms. Wood.

Under its charter, the Committee:

- is comprised of at least three members of the board of directors of Invesco (the "Board"), each of whom is "independent" of Invesco;
- has members which are appointed and removed by the Board of Invesco;
- is required to meet at least four times annually; and
- has the authority to retain independent advisors, at Invesco's expense, whenever it deems appropriate to fulfil its duties, including any compensation consulting firm.

The Committee's charter is available on Invesco's web site at <http://ir.invesco.com/investor-relations/corporate-governance>. The charter sets forth the Committee's responsibilities, which include, among other items:

- reviewing and making recommendations to the Board of Invesco concerning Invesco's overall compensation philosophy;
- preparing the Company's compensation-related matters, including EU remuneration matters;
- overseeing the administration of Invesco's equity-based and other incentive compensation programmes;
- approving company-wide annual compensation pools.

Compensation Philosophy

As an investment management firm, one of our greatest assets is the skill and experience of our employees. It is critical that we are able to attract, retain and motivate talented professionals while aligning their incentives with the interests of our clients and our shareholders.

Our compensation programmes are designed, structured and implemented at every level to align with our long-term strategic objectives which are to:

- achieve strong investment performance;
- be instrumental in our clients' success;
- harness the power of our global platform; and
- perpetuate a high-performance organisation.

To support our strategic imperatives, we have structured our compensation programs to achieve the following objectives:

- align individual awards with client and shareholder success;
- promote sound and effective risk management and not encourage risk taking which is inconsistent with the risk profiles, rules or instrument of incorporation of the relevant UCITS;
- align individual awards with the business strategy, objectives, values and interests of the Company, the UCITS and their investors, and avoid conflicts of interest;
- reinforce our commercial viability by closely linking rewards to results at every level;
- reinforce our meritocracy by differentially rewarding high performers; and
- recognise and retain top talent by ensuring a meaningful mix of upfront and deferred compensation.

As employees progress to higher levels at Invesco, their ability to affect our performance generally increases and our need to retain these employees increases correspondingly. The Committee believes that as an individual's compensation increases, the percentage of that compensation that is deferred should therefore also increase.

Identified Staff Criteria

In line with its interpretation of the provisions of the Directive and subject to any future change in accordance with applicable laws, regulations and/or guidance, Invesco identifies individuals whose professional activities have a material impact on the risk profiles of the Company and the UCITS that it manages ("Identified Staff"), including:

- Board members of the Company;
- senior management;
- the heads of the control functions;
- other risk takers such as: all staff members whose professional activities - either individually or collectively, as members of a group - can exert material influence on the risk profiles of the Company or of a UCITS it manages.

The Board approves the list of Identified Staff annually and individuals are notified of their identification and the implications of this status on at least an annual basis.

Link between pay and performance

The Company annually reviews our multi-year strategic imperatives in the context of global trends and macro themes impacting the asset management industry, our position within key markets and the financial implication of our decisions. The outcome of the review is the establishment of an annual operating plan, composed, in part, of our business priorities and related projected financial outcomes.

Throughout the year, the Board examines our progress against our multi-year strategic imperatives and annual operating plan. Based on Invesco's performance for the year, the Committee establishes an overall Invesco-wide incentive pool within well-established guidelines. The pool size is limited to a percentage of pre-cash bonus operating income ("PCBOI") to ensure, at all times, that the Invesco-wide incentive pool is linked to Invesco's operating results. Our Committee makes holistic, rigorous and judicious decisions for overall pool funding in the context of Invesco's multi-year performance. The Committee does not attempt to rank or assign relative weight to any factor, but rather applies its judgment in considering them in their entirety. The Committee is focused on the totality of organizational success without tying decisions to a specific formula.

Performance at an individual level is measured through an Invesco-wide, on-line performance management process that has been developed to:

- promote alignment of individual employee efforts with the mission, principles and goals of Invesco and its clients;
- provide the feedback necessary for employee growth and development; and
- improve our ability to assess and recognise performance.

Invesco's performance management process ensures all employees have their performance consistently assessed regardless of their location or function and consists of the following key elements:

- An assessment of a combination of individual or team-based objectives which have been agreed between the manager and employee, the relevant UCITS' performance, and the overall results of the Company, taking into account financial and non-financial criteria;
- Assessment against a single, global set of competencies which are based on Invesco's business principles. The Invesco competency framework builds on these business principles by highlighting key behaviours that contribute to their achievement. In addition, the framework includes leadership competencies to help gauge the performance of our people managers;

- Assessment in a multi-year framework appropriate to the holding period recommended to the investors in the UCITS in order to ensure that the assessment process is based on the longer-term performance of the UCITS and their investment risks;
- An employee self-evaluation is completed prior to the evaluation of the employee.

Individual performance, as measured through the performance management process, is used to differentially reward high performers in support of our remuneration philosophy.

The measurements of performance used to determine variable remuneration components or pools of variable remuneration components include a comprehensive adjustment mechanism to integrate all relevant types of current and future risks.

Elements of Remuneration

The following table describes each component of our compensation programme for employees as well as its purpose and key measures. Fixed and variable components of total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component. The below remuneration vests and is paid in accordance with the provisions of the Directive:

Guaranteed variable remuneration is granted only in exceptional cases to attract highly specialised individuals. In accordance with regulatory requirements such pay will be granted only in the case of hiring new staff and for a maximum term of one year only.

Payments related to the early termination of a contract reflect performance achieved over time and are designed in a way that does not reward failure.

Figure 1

Incentive type	Pay Element	What it Does	Key Measures
Fixed	Base salary	<ul style="list-style-type: none"> - Provides competitive fixed pay at a level sufficient to operate a fully flexible policy with regard to variable remuneration components 	<ul style="list-style-type: none"> - Experience, duties and scope of responsibility - Internal and external market factors
Variable	Annual cash bonus	<ul style="list-style-type: none"> - Provides a competitive annual cash incentive opportunity 	<ul style="list-style-type: none"> - Based upon annual financial results, individual conduct and performance as well as the Company's and the UCITS' progress against long-term strategy
	Annual fund and stock deferral award (time-based vesting)	<ul style="list-style-type: none"> - Along with annual cash bonus, provides a competitive annual incentive opportunity - Aligns staff with client and shareholder interests 	<ul style="list-style-type: none"> - Based upon annual financial results, individual conduct and performance as well as the Company's and the UCITS' progress against long-term strategy
	Long-term equity awards (performance-based and time-based vesting)	<ul style="list-style-type: none"> - Recognises long-term potential for future contributions to company's long-term strategic imperatives - Aligns staff with shareholder interests - Encourages retention by vesting in equal annual increments over four years 	<ul style="list-style-type: none"> - Based upon annual financial results, individual conduct and performance as well as the Company's and the UCITS' progress against long-term strategy

Our annual awards

We use our annual awards to recognize current year performance and closely align employees' interests with those of clients and shareholders, differentially reward high performers and link compensation to financial results and other non-financial criteria. Our annual stock deferral awards generally vest over four years in 25% increments each year. Fund deferral awards have varying vesting schedules depending on the business area.

Our long-term equity awards

Long-term equity awards generally vest in 25% increments over four years. The Committee believes long-term equity awards should align employee and shareholder interests.

A portion of awards granted to senior officers are paid only upon achievement of targeted financial results.

Remuneration Decision Making Rationale

Salary increase decisions take into account market position, performance, and internal equity. Salary increases are targeted where market positioning does not already align with performance.

Bonus decisions support a meritocracy, providing the most significant rewards to the highest contributors. Individual cash bonuses are based on a variety of factors including internal performance comparisons, external market comparisons, and formulaic portions of incentive plans (for specific groups of employees). As an individual's compensation increases, the proportion of that compensation received in the form of equity should increase in line with the Directive requirements and in order to further the alignment of that employee's interest with those of Invesco's shareholders. As a result, employees earning over a threshold level in cash compensation will typically have a portion of their annual incentive award deferred into restricted shares of Invesco and/or into investment portfolios managed by the Company.

All employees can be considered for long-term equity grants, however, managers use equity pools to retain key talent, to reward those who make the strongest contributions in a given year, and who have high potential to impact business results in the future. Equity grants reward for longer term performance, and therefore, vests over a multi-year period.

Remuneration in Control Functions

Reporting lines for control functions are typically separated from the business units that they oversee. The amount of any incentives available for distribution to control functions is not determined by the performance of the business unit that they oversee. Decision making regarding remuneration for employees in control functions is not approved by any business unit overseen by these functions.

The remuneration of the senior officers in the risk management and compliance functions is overseen directly by the Committee.

Benefits

All benefit offerings are aligned with the business strategy, objectives, values and long-term interests of the Company, the UCITS it manages and the investors in such UCITS. The Company does not offer any discretionary pension benefits.

Hedging Strategies

Employees are required to undertake not to use personal hedging strategies or remuneration and liability-related insurance to undermine the risk alignment effects embedded in their remuneration arrangements.

Variable remuneration is not paid through vehicles or methods that facilitate the avoidance of the requirements of the Directive.