



Press Release

For immediate release

Small-cap and Mid-cap Factors Offer Unique Advantages

Invesco expands its SMID cap factor ETFs to offer investors access to the differentiated return profile of small-cap and mid-cap factors

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ATLANTA, April 4, 2024 – Invesco Ltd. (NYSE: IVZ), a leading global asset management firm, announced today that it has expanded its line-up of small-and-mid-cap (SMID) factor exchange traded funds (ETFs). In the first quarter of 2024 there has been an uptick of interest into notable Invesco SMID Factor ETFs as investors search for fund profiles differentiated from the large-cap growth profiles currently dominating markets.

For this reason, Invesco will now offer its “Growth at a Reasonable Price” strategy, captured in the large-cap [Invesco S&P 500 GARP ETF \(SPGP\)](#), in both a mid-cap [Invesco S&P MidCap 400 GARP ETF \(GRPM\)](#) and small-cap [Invesco S&P Small Cap 600 ETF \(GRPZ\)](#), applying the same methodology further down the market-cap spectrum.

“While there is often a place in a portfolio for a core large-cap growth strategy like Invesco QQQ, those investors looking for growth in the SMID space should consider ETFs with a factor screen,” says Nick Kalivas, Head of Factor and Core Equity ETF Strategy at Invesco. “The combination of less expensive valuation down the market-cap spectrum and a forecasted improvement in 2024 profit growth invites investors to look to SMID factor strategies for potential investment opportunities.”

Factor investing has always been an important bridge between passive market-cap weighted portfolios and actively managed portfolios. This is especially apparent in the SMID cap-tiers, where factor screening can provide a portfolio of unique companies that offer diversification beyond the mega-cap growth names. SMID factors can also be good portfolio building blocks, using factors to screen for small- and mid-cap companies that may tend to have higher growth prospects and less volatility than their market-cap screened counterparts. This can offer a nice balance of growth potential and stability.

In 2024, investors have recognized the opportunity with [Invesco S&P Midcap Quality ETF \(XMHQ\)](#), and [Invesco S&P SmallCap Quality ETF \(XSHQ\)](#) seeing high levels of investor demand, gathering \$1.15 billion in inflows in 1Q year-to-date. These ETFs provide exposure to companies with high return on equity, low balance accruals, and low debt to equity at a value. Additionally, XMHQ and XSHQ do not have the same concentration issue that has been a headwind in large-cap factors.

The SMID momentum factor has also seen interest as both the [Invesco S&P MidCap Momentum ETF \(XMMO\)](#) and [Invesco S&P SmallCap Momentum ETF \(XSMO\)](#) offer differentiated growth returns by concentrating on stocks with the strongest risk adjusted performance over the last year, less the last month.

“In the past, investors may have expressed concern about some of the hallmarks of small- or mid-cap companies, such as a higher level of leverage and lower level of profitability,” says Kalivas. “A factor screen for quality can mitigate those concerns and focus the ETF on companies that are utilizing capital in an efficient manner and generating higher cash in earnings.

About Invesco Ltd.

Invesco Ltd. (Ticker NYSE: IVZ) is a global independent investment management firm dedicated to delivering an investment experience that helps people get more out of life. Our distinctive investment teams deliver a comprehensive range of active, passive and alternative investment capabilities. With offices in more than 20 countries, Invesco managed US\$1.58 trillion in assets on behalf of clients worldwide as of December 31, 2023. For more information, visit www.invesco.com/corporate

Important Information:

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Invesco S&P GARP ETF (SPGP) tracks the S&P 500® GARP Index seeks to track companies with consistent fundamental growth, reasonable valuation, solid financial strength, and strong earning power.

Invesco S&P MidCap 400 GARP ETF (GRPM) tracks the S&P MidCap 400® GARP Index seeks to track companies with consistent fundamental growth, reasonable valuation, solid financial strength and strong earning power.

Invesco S&P Small Cap 600 (GRPZ) tracks the S&P SmallCap 600® GARP Index seeks to track companies with consistent fundamental growth, reasonable valuation, solid financial strength and strong earning power.

Invesco S&P MidCap Quality ETF (XMHQ) tracks the S&P MidCap 400® Quality Index is designed to track high quality stocks in the S&P MidCap 400 by quality score, which is calculated based on return on equity, accruals ratio and financial leverage ratio.

Invesco S&P SmallCap Quality ETF (XSHQ) tracks the S&P SmallCap 600® Quality Index is designed to measure the 120 highest-quality stocks in the S&P SmallCap 600 on the basis of their quality score, which is calculated using three fundamental measures: return on equity, accruals ratio, and financial leverage ratio.

Invesco S&P MidCap Momentum ETF (XMMO) tracks the S&P MidCap 400® Momentum is designed to measure the performance of securities in the S&P MidCap 400 universe that exhibit persistence in their relative performance.

Invesco S&P SmallCap Momentum ETF (XSMO) tracks the S&P SmallCap 600® Momentum Index is designed to measure the performance of securities in the S&P SmallCap 600 universe that exhibit persistence in their relative performance.

About Risk:

There are risks involved with investing in ETFs, including possible loss of money. Shares are not actively managed and are subject to risks similar to those of stocks, including those regarding short selling and margin maintenance requirements. Ordinary brokerage commissions apply. The Fund's return may not match the return of the Underlying Index. The Fund is subject to certain other risks. Please see the current prospectus for more information regarding the risk associated with an investment in the Fund.

Investments focused in a particular sector, such as information technology, are subject to greater risk, and are more greatly impacted by market volatility, than more diversified investments.

Diversification does not guarantee a profit or eliminate the risk of loss.

Shares are not individually redeemable and owners of the Shares may acquire those Shares from the Fund and tender those Shares for redemption to the Fund in Creation Unit aggregations only, typically consisting of 10,000, 20,000, 25,000, 50,000, 80,000, 100,000 or 150,000 Shares.

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