







SMA vs. Mutual Fund vs. ETF

How to choose the right vehicle for your investment objectives

Mutual funds, exchange-traded funds (ETFs), and separately managed accounts (SMAs) are three of the most common vehicles for building portfolios. Each vehicle has a unique set of potential benefits and drawbacks. Determining which one is right for you depends on your objective, the asset class, and the specifics of your investment strategy.

	Separately Managed Account (SMA)	Mutual Fund	Exchange-Traded Fund (ETF)
 <p>Structure</p>	Direct ownership. Investor directly owns securities in the portfolio.	Pooled vehicle. Investor owns shares of an investment company that manages the portfolio.	
 <p>Customization ability</p>	High. Portfolio may be tailored to investor's unique goals, values, and constraints.	None. Investor buys an interest in a managed portfolio with a stated investment mandate.	
 <p>Tax-efficiency potential</p>	High. Direct security ownership creates opportunities for tax-loss harvesting and control over capital gain recognition.	None. Care must be taken to avoid untimely fund distributions to investors.	Limited. Some tax-efficient characteristics but no tax-loss harvesting potential at the individual security level.
 <p>Minimum investment</p>	Higher. Typically \$50,000–\$250,000.	Lower. As low as \$0.01 to as high as several thousand dollars.	Lower. Ability to purchase fractional shares has lowered minimums to less than \$10 in some cases.
 <p>Cost</p>	Negotiable. Can vary by asset class and investment style, as well as level of customization.	Wide range. Actively managed mutual funds generally have higher fees than passively managed ones.	Lower. Most ETFs are passively managed and generally have lower fees than actively managed products.
 <p>Liquidity</p>	Lower. Typically, 3–5 days; multi-ticket transactions.	High. Daily at net asset value; single-ticket transactions.	High. Throughout each trading day during market hours; single-ticket transactions.

Investors should be aware of the material differences between mutual funds and ETFs. ETFs generally have lower expenses than actively managed mutual funds due to their different management styles. Most ETFs are passively managed and are structured to track an index, whereas many mutual funds are actively managed and thus have higher management fees. Unlike ETFs, actively managed mutual funds have the ability to react to market changes and the potential to outperform a stated benchmark. Since ordinary brokerage commissions apply for each ETF buy and sell transaction, frequent trading activity may increase the cost of ETFs. ETFs can be traded throughout the day, whereas, mutual funds are traded only once a day. While extreme market conditions could result in illiquidity for ETFs. Typically they are still more liquid than most traditional mutual funds because they trade on exchanges. Investors should talk with their financial professional regarding their situation before investing. A separately managed account (SMA) is a private portfolio of actively managed, individual securities. SMAs differ from pooled vehicles like mutual fund and ETFs in that each portfolio can be customized so that it is unique to a single account, and they are typically offered to high-net-worth and institutional investors seeking more specialized services. Minimum investment amount range is generally \$50,000 - \$250,000. Separately managed accounts are offered by Invesco Advisers, Inc. and Invesco Managed Accounts LLC, which provide investment advisory services to individual and institutional clients and do not sell securities. Invesco Distributors, Inc. is the US distributor for Invesco's retail products and private placements. Each entity is an indirect, wholly owned subsidiary of Invesco Ltd.

Multiple ways to access Invesco's investment intelligence

Regardless of your investment objectives, Invesco offers a full suite of tools for building your portfolio. Each approach is backed by the rigor, resources, and insights into asset classes and global markets that have made us one of the world's largest asset managers.

SMA

Whether you're looking for active or passive, fixed income or equities, Custom SMAs by Invesco let you create customized, tax-smart portfolios to meet your unique needs.

Mutual funds

We offer a broad range of actively managed, domestic, international/global, specialty, and fixed income mutual funds to help meet your investment objectives.

ETFs

By fostering a culture of innovation and employing diverse thinking, we enable you to invest in the new possible, offering 230+ ETFs to leverage.

Custom SMAs by Invesco: Dedicated to serving clients in an intelligent and profound way

Custom SMAs by Invesco seek to deliver the customized solutions and tax-smart outcomes investors expect. These solutions are fueled by our experience as a trusted SMA provider and one of the world's largest asset management firms.



Customized solutions

SMA framework with options across various asset classes which enables clients to customize their individual portfolio and meet their unique needs.



Tax-smart portfolios

Skilled investment teams proactively generate tax-alpha for clients using advanced analytics.



High-touch service

Trusted portfolio management partners and client service group who provide high-touch, personalized service.

\$22 billion+

Over \$22B of AUM in SMAs.

26,000+

Currently servicing over 26,000 unique client accounts.

30+ years

Established provider in the SMA business since 1988, including 15+ years of experience with custom, tax-optimized investing.

To learn more, visit us at [invesco.com/sma](https://www.invesco.com/sma)

This information is intended for US residents.

All data is as of March 31, 2024 unless otherwise noted.

Tax alpha refers to the reduction of tax drag and therefore, potential value created in a portfolio by tax management strategies.

Before investing, investors should carefully read the prospectus and/or summary prospectus and carefully consider the investment objectives, risks, charges, and expenses. For this and more complete information about the fund(s), investors should ask their financial professional for a prospectus/summary prospectus or visit [invesco.com/fundprospectus](https://www.invesco.com/fundprospectus).

This information does not constitute a recommendation of any investment strategy or product for a particular investor. Investors should consult a financial professional before making any investment decisions.

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