

# Investor's Guide to SMAs

Unlock the power of personalization



# 01

## What benefits SMAs can deliver

Custom SMAs by Invesco offers a comprehensive suite of Separately Managed Accounts (SMAs) across equities and fixed income. We partner with investment teams across Invesco to extend our broad suite of capabilities and strategies and leverage centralized systems, operations and technology across Invesco to meet client needs.



### Customized strategies

Create a personalized plan with various cost-effective investment options



### Personalized service

Enjoy reliable service from our management partners and dedicated support team



### Tax-smart portfolios

Improve an investor's return with personalized tax strategies and flexible in-kind transfers

### How SMAs work

A separately managed account is a professionally managed portfolio of individual investments — like stocks and bonds — tailored to an individual's unique objectives.

An SMA can provide an individual investor with direct ownership, customization, transparency, and tax-efficiency. They offer investors control and personalization over their investments.

### Why invest in a SMA?






Invesco can help maximize an investor's portfolio with personalized, cost-efficient, and tax-smart strategies that are beneficial to investors in numerous ways:

- **Customization:** Can be tailored to an individual investor's preferences, such as specific stock exclusions, duration profile, or ESG considerations.
- **Tax efficiency:** Enable tax-loss harvesting and sell individual securities at a loss to offset gains and potentially enhance after-tax returns.
- **Direct ownership:** Unlike a pooled fund where investors own individual shares, the investor owns the individual securities in the SMA, which can offer more flexibility.
- **Cost management:** Unlike pooled vehicles, certain fees are excluded from SMAs and managed costs can be negotiated.
- **Transparency:** Investors have full visibility into the individual securities held in their SMA, which provides greater insight and control.
- **Flexibility:** Portfolios can be adjusted easily to reflect changes in market conditions or investor preferences, providing a dynamic approach to active management.

# 02

## How SMAs compare to other investments

SMAs have many features that make them attractive vehicles for building wealth and aligning an investor's overall investments with their goals. Here's how SMAs compare to mutual funds and exchange-traded funds (ETFs).

	SMA	Mutual fund	ETF
 <p>Structure</p>	<p><b>Direct ownership.</b> Investor directly owns securities in the portfolio.</p>	<p><b>Pooled vehicle.</b> Investor directly owns shares of the overall portfolio made up of individual securities.</p>	
 <p>Customization ability</p>	<p><b>High.</b> Portfolio is built according to investor's unique goals, values, and constraints.</p>	<p><b>None.</b> Investor buys an interest in managed portfolio with a stated investment mandate.</p>	
 <p>Tax-efficiency potential</p>	<p><b>High.</b> Direct security ownership creates opportunities for tax-loss harvesting and control over capital gains.</p>	<p><b>Low.</b> Some take advantage of tax-efficiency, but the investor is subject to taxable distributions.</p>	
 <p>Minimum investment</p>	<p><b>Higher.</b> Typically, between \$50,000 and \$300,000.</p>	<p><b>Lower.</b> As low as \$0.01 per share but can be several thousand dollars.</p>	<p><b>Lower.</b> Less than \$10 per share and ability to purchase fractional shares.</p>
 <p>Cost</p>	<p><b>Competitive.</b> Varies by investment style and customization level.</p>	<p><b>Wide range.</b> Typically, actively managed and generally higher fees.</p>	<p><b>Lower.</b> Typically, passively managed and generally lower fees.</p>

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. At the same time, 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 funds 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 \$50,000 - \$300,000. 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.

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## 30+ years

Experience as an SMA provider, including 19+ years of custom, tax-optimized investing<sup>1</sup>

## \$28.4B+

SMA Assets under management across more than 31,600 accounts<sup>1</sup>

# Explore our SMA offerings

## Custom fixed income SMAs

A wide range of core fixed income strategies, with choices across the full yield curve, along with additional options like income plus, ESG, and values alignment.

### Tax free

Tax-advantaged portfolios that are entirely made up of tax-exempt municipal bonds that offer broad sector and credit diversification with a focus on state of residence and duration options across the full yield curve.

### Government

Portfolios can include US Treasury notes, T-bills, and agencies implemented through either an active or passive approach designed to deliver consistent income, low volatility, and liquidity.

### Tax aware

An opportunistic approach to core fixed income using 50 to 80% tax-exempt municipal bonds with the remaining allocated to taxable bonds. Designed to deliver an attractive tax-equivalent yield by utilizing dynamic asset allocation.

### Credit

Utilizes corporate bonds with options across the full yield curve and credit quality spectrum for enhanced yields. Portfolio options include floating rate, intermediate, and full curve with individual high yield bond allocations.

### Government-credit

A blend of US government and corporate bonds with an opportunistic allocation to taxable municipal bonds, designed to deliver a taxable yield above US government securities with low correlation.

## Custom equity SMAs

A diverse set of equity strategies spanning different exposures and styles that include both tax-optimization and customization capabilities.

### Core equity

Aims to deliver performance similar to broad market equity benchmarks, improved after-tax returns through systematic loss harvesting, and customization flexibility upon request.

### Branded

Offers differentiated exposure to well-known indices like the Nasdaq 100™ and the S&P 500 Equal Weight®, with added funding flexibility, tax optimization, and customization benefits.

### Long/short

Seeks to provide similar risk and returns as conventional US equity direct indexing strategies while offering larger and more durable tax benefits by using long and short extensions.

## Traditional active SMAs

SMAs can deliver traditional active strategies either by providing a model portfolio to a third-party platform (model delivery) or by having the asset manager directly manage the account (manager traded). SMA benefits are direct ownership of the underlying securities offered through domestic, international, global stocks, and real estate options.

1. As of December 31, 2024

# Full SMA product lineup at Invesco

## Custom fixed income SMAs

### Tax-free

Tax-Free Enhanced Cash SMA<sup>1</sup>  
Tax-Free Short Term SMA<sup>1</sup>  
Tax-Free Limited Term SMA<sup>2</sup>  
Tax-Free Limited Term Income Plus SMA  
Tax-Free Intermediate Term SMA<sup>1</sup>  
Tax-Free Intermediate Term Income Plus SMA

### Tax-aware

Tax-Aware Enhanced Cash SMA<sup>1</sup>  
Tax-Aware Short Term SMA<sup>1</sup>  
Tax-Aware Limited Term SMA<sup>2</sup>  
Tax-Aware Limited Term Income Plus SMA  
Tax-Aware Intermediate Term SMA<sup>1</sup>  
Tax-Aware Intermediate Term Income Plus SMA

### Government-credit

IG Government-Credit Enhanced Cash SMA<sup>1</sup>  
IG Government-Credit Short Term SMA<sup>1</sup>  
IG Government-Credit Intermediate Term SMA<sup>2</sup>  
Government-Credit Intermediate Term Income Plus SMA  
IG Government-Credit Long Term SMA<sup>1</sup>  
Government-Credit Long Term Income Plus SMA

### Government

Government Enhanced Cash SMA<sup>1</sup>  
US Treasury Ladder, 1-12 Month  
US Treasury Ladder, 1-24 Month  
US Treasury Ladder, 1-5 Years

### Credit

Investment Grade Taxable Enhanced Cash SMA<sup>1</sup>  
Investment Grade Floating Rate Bond SMA  
Intermediate Corporate Bond 100% IG SMA  
Intermediate Corporate Bond 75% IG SMA  
Intermediate Corporate Bond 50% IG SMA  
Investment Grade Corporate Bond SMA (100% IG)  
US Corporate Bond SMA (75% IG)  
US Corporate Bond 50% IG SMA  
Preferred Securities

## Custom equity SMAs

### Core equity

Tax-Optimized Total Market Equity SMA  
Tax-Optimized Large Cap Equity SMA  
Tax-Optimized Broad International SMA  
Tax-Optimized Broad International ADR SMA

### Long/short

Enhanced Tax-Optimized Large Cap Equity SMA

### Branded

QQQ Tax-Optimized SMA  
S&P 500 Equal Weight Tax-Optimized SMA

## Traditional Active SMAs

Comstock SMA  
Diversified Dividend SMA  
EQV International Equity ADR SMA  
Global SMA  
Growth and Income SMA  
International Core Equity ADR SMA  
International Growth ADR SMA

Large Cap Core SMA  
Mid Cap Core SMA  
Mid Cap Growth SMA  
Small Cap Core SMA  
SteelPath Focused MLP SMA  
U.S. Real Estate Securities SMA



Investors can talk to their financial professional to learn more about unlocking the power of personalization  
[invesco.com/SMA](https://invesco.com/SMA)

1. Available to add an ESG Overlay.  
2. Available to add an ESG overlay, values alignment overlay.

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