

The power of personalized investing

Build a tax-smart portfolio that is customized for your unique needs by using Custom SMAs by Invesco

Creating a personalized wealth journey and enhancing the amount you get to keep after taxes involves having control over your investments. Custom SMAs (separately managed accounts) by Invesco empower you to build portfolios that are tailored to your unique objectives, values, and needs. Directly owning stocks and bonds through Custom SMAs by Invesco gives you more control over your investment strategy and unlocks new ways to help reduce the amount of taxes you may owe on the growth of your investments.

How do SMAs work?

An SMA is a professionally managed investment portfolio, like a mutual fund or exchange-traded fund (ETF). However, with an SMA, you directly own the stocks and bonds in the portfolio. This gives you more control over what you own and how the portfolio is managed. With an SMA, your portfolio managers can use tax-optimization strategies to improve after-tax returns, which has the potential to increase your wealth over time.

Who might consider SMAs?

SMAs offer customization and flexibility to meet individual client needs. They can be valuable tools for many different situations. An SMA could be a good fit if you:

- Are in a high tax bracket or have a complex tax situation
- Want to avoid investing in certain companies, governments/regions, or sectors that don't align with your personal values
- Seek to tilt your portfolio toward companies or issuers with higher environmental, social, and governance (ESG) scores
- Have a large exposure to a particular company, sector, or region and need to diversify
- Have a major financial event on the horizon, such as selling a company or receiving an inheritance

Bring the benefits of Custom SMAs to your portfolio

There are many reasons to consider working with your financial professional to use Custom SMAs by Invesco.

Customization

Build a portfolio that is tailored to your unique objectives, values, cash flow needs, and tax situation. You can exclude certain industries, underweight sectors, match assets to liabilities, and tilt the portfolio by sector, region, factor, style, and more.

Tax optimization

Manage the portfolio in ways that maximize the amount you get to keep. Use techniques such as tax-loss harvesting, deferring gains, and limiting short-term gains and non-qualified dividends to enhance your after-tax return.

Cost efficiency

Advancements in technology continue to help reduce costs for SMAs.¹ Custom SMAs by Invesco use advanced techniques to deliver high levels of customization and tax optimization at an affordable cost.

Visibility

Access portfolio information, including holdings, cost basis, performance, trade history, and maturity ladders. The high level of transparency makes it easier for you to monitor progress, understand risks, and make informed decisions.

1. The Cerulli Report: U.S. Managed Accounts 2021, The Evolution of Personalized Investing, September 2021.

Grow your wealth with tax optimization

Taxes can significantly erode the value of your investment returns. Owning securities directly through customized, tax-efficient vehicles such as Custom SMAs by Invesco can give you access to three powerful ways to help enhance your after-tax returns.



Harvesting tax losses

Swapping securities that are trading at a loss for similar securities can reduce your capital gains taxes — all while staying invested so you can seek to continue earning income and growing your wealth.



Deferring gains

Postponing the realization of gains allows the growth of your investments to compound for longer.

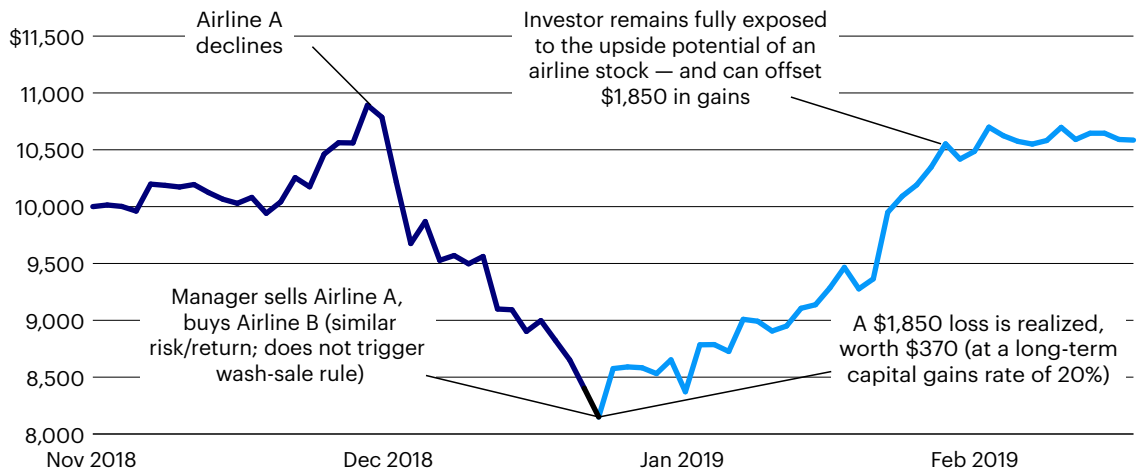


Limiting short-term gains and non-qualified dividends

Paying attention to the holding period (long-term versus short-term capital gains) and type of dividend (qualified versus non-qualified) helps to ensure that your investment earnings are taxed at the lowest possible rate.

Turning losses into assets







A capital loss is an asset because you can use it to offset a capital gain. Active tax-loss harvesting means continuously sweeping the portfolio for a security trading below its cost basis, selling the security, and buying a replacement security with similar characteristics to keep you invested.



Sources: Bloomberg L.P., Invesco, 2/1/2019. For illustrative purposes only.

Explore the structural benefits of SMAs

SMA's have many features that make them attractive vehicles for building wealth in a way that aligns with your goals and tax situation. See how SMA's compare to two other commonly used investment vehicles, mutual funds and exchange-traded funds (ETFs).

	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 is built according to investor's unique goals, values, and constraints.	None. Investor buys an interest in 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 mutual funds.	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. 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. SMA's 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 \$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.

Partner with an SMA leader

Unlock the power of personalization with Custom SMAs by Invesco

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

Customized portfolios to express investors' views and achieve desired exposures.



Tax-smart portfolios

Enhance the amount investors keep through tax-loss harvesting and other tax-optimization techniques.



High-touch service

Centralized service model that provides high-touch service through every step of the process.

\$15B+

SMA assets under management across all strategies as of December 31, 2022.

21k+

Unique separately managed accounts as of December 31, 2022.

30+ yrs

Experience as an established provider in the SMA business, with 15+ years experience in custom, tax-optimized investing (as of December 31, 2022).

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