

Access Innovative Small-Cap Companies through Invesco's QQQS ETF

As the new year gets underway, financial advisors are navigating a challenging macro environment, and diversifying portfolios can help advisors and investors weather the storm of geopolitical uncertainty, higher inflation, interest rate hikes, and the threat of a recession. For advisors and investors interested in small-cap growth stocks, the new [Invesco Nasdaq Future Gen 200 ETF \(QQQS\)](#), the latest ETF to join Invesco's [Innovation Suite](#), provides an opportunity to gain exposure to innovative small-cap companies with promising patent portfolios.

"QQQS is a way to gain exposure to innovative companies with valuable patents that may be an indicator of competitive advantages and future revenue growth, representing a potential 'innovation premium,'" said Ryan McCormack, Factor and Core Equity Strategist at Invesco.

The Invesco Nasdaq Future Gen 200 ETF tracks the Nasdaq Innovators Completion Cap Index™ (NCX™), which has a pronounced sector tilt towards Health Care, [representing](#) nearly 55% of total index weight as of year-end 2022. In the three months since the ETF launched, it has gained nearly 20% .

The ETF consists of 200 predominantly small-cap Nasdaq-listed companies with the most valuable patent portfolios relative to their market capitalization. A patent is an exclusive right granted to a company to be the sole producer, user and seller of an invention of a product or process that provides a new way of doing something or solving a problem.

"The underlying index of QQQS, the Nasdaq Innovators Completion Cap Index, uses a tested, proprietary methodology to value patents across multiple sectors to find the most innovative small-cap companies. It focuses on measuring intellectual property values and identifies those with potentially undervalued patent portfolios," McCormack said.

The proprietary methodology that distinguishes the QQQS from other small-cap ETFs gives investors the opportunity to participate in the growth of emerging companies with significant upside potential. Should any of the companies in the QQQS' underlying index mature into midcap or large-cap companies, they may "graduate" into either the Nasdaq Next Generation 100 Index™ (NGX™) or the Nasdaq-100® Index (NDX®), respectively. While these other two Nasdaq indexes are reconstituted annually in December and weighted by market capitalization, NCX is reconstituted semi-annually and equal-weighted.

Companies that graduate across indexes will do the same across ETFs, allowing investors to follow companies through the Innovation Suite, including the Invesco NASDAQ Next Gen 100 ETF (QQQJ), which tracks the midcap-tilted Nasdaq Next Generation 100 Index, as well as the Invesco Nasdaq 100 ETF (QQQM) and the Invesco QQQ ETF (QQQ), both of which track the Nasdaq-100.

“QQQS is the latest example of Invesco’s commitment to helping investors invest in innovation with transparent and easy-to-access ETFs,” said McCormack.

To learn more about the QQQS, [click here](#) to watch a recent webinar.

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