

An innovative way to hedge exposure to the Nasdaq-100

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Key takeaways

These strategies seek to mitigate market risk while participating in gains by combining long equity positions with hedging instruments such as options.

Invesco QQQ Hedged Advantage ETF (QQHG) is designed to provide participation in the Nasdaq-100 Index with the potential to help defend against downside risk.

QQHG is a single-ticker solution that mitigates path dependency by utilizing an option overlay strategy designed to partially hedge the Fund's downside exposure when equity markets decline.

Participation in equity markets, defense against market volatility and drawdowns, and cost-efficient hedging: These three goals are often at odds with each other. But Invesco QQQ Hedged Advantage ETF (QQHG) is designed to balance these target outcomes. It's designed to provide participation in the Nasdaq-100 Index with downside protection.

How does the fund work?

The portfolio starts with exposure to the Nasdaq-100 Index, which includes companies at the forefront of innovation across a diverse range of sectors.

Then, it overlays an actively managed downside hedge that aims to reduce losses when markets fall. It's designed to offset equity portfolio losses without bonds.

The team also sells laddered 1-month Nasdaq-100 Index calls designed to reduce the costs of hedging in return for less but still meaningful upside potential.

QQHG provides three main potential benefits

Participation in the Nasdaq-100. The team closely replicates the Nasdaq-100 Index for the core of the portfolio. We then employ an options overlay on the entire portfolio that aims to provide a majority of the index returns with less risk.

Laddered downside risk mitigation in a single ETF. Our systematic approach employs diversified 1-year hedges, laddered monthly, allowing investors to own Nasdaq-100 exposure with consistent guardrails in place, without the need to select across multiple funds with varying defined outcome periods.

No interest rate risk. Investors can maintain exposure to equities without additional asset classes to dampen volatility.

What makes this fund different?

When it comes to options-based defense strategies, there are primarily two categories of funds:

Defined outcome or traditional buffer strategies. As the name suggests, these funds aim to achieve a predefined outcome over a set period, such as March 2026 to March 2027. However, clients often face two main issues with these strategies. First, they involve multiple vintages that may require active management across vintages as markets move. Second, these strategies are highly path-dependent and may have different outcomes depending on the market conditions when the investment is made.

Hedged equity strategies, like QQHG. These are delivered as a single-ticker solution that utilizes an option overlay strategy designed to partially hedge the Fund's downside exposure when equity markets decline.

A hedged equity strategy seeks to mitigate market risk while participating in equity market gains. They typically combine long equity positions with hedging instruments such as options in an effort to limit downside losses during market downturns.

An option is a financial instrument that gives the option holder the right, but not the obligation, to buy or sell a set quantity or dollar value of a particular asset at a fixed price by a certain date.

The team has over 20 years of experience in managing options-based strategies. By leveraging our proprietary options research platform, we design data-driven and outcome-focused strategies.

Invesco and Nasdaq are pioneers in innovative solutions, partnering together to help people access the world's most groundbreaking companies in pursuit of their financial goals.

Discover how our smart beta strategies offer an alternative weight approach with exposure to factors to seek specific investment outcomes and help drive returns for investors in a transparent and cost-effective way.

Video QEW, Invesco QQQ Equal Weight ETF, tilts towards smaller Nasdaq-100 companies, which can increase participation in broader innovation themes.

Active ETFs launches have far outpaced new index-based strategies so far in 2025, accompanied by a surge in investor flows.

There are risks involved with investing in ETFs, including possible loss of money. Actively managed ETFs do not necessarily seek to replicate the performance of a specified index. Actively managed ETFs are subject to risks similar to stocks, including those related to short selling and margin maintenance. Ordinary brokerage commissions apply. The Fund's return may not match the return of the 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.

Securities held by the Fund are subject to market fluctuations. You should anticipate that the value of the Shares will decline, more or less, in correlation with any decline in value of the securities in the Fund's portfolio. Additionally, natural or environmental disasters, widespread disease or other public health issues, war, military conflicts, acts of terrorism, economic crises or other events could result in increased premiums or discounts to the Fund's net asset value ("NAV")

The investment techniques and risk analysis used by the portfolio managers may not produce the desired results.

While the Fund is actively managed, a substantial portion of the Fund's portfolio is designed to track the performance of the Index. In managing this portion of the Fund's portfolio, the portfolio managers will not generally buy or sell a security unless that security is added or removed, respectively, from the Index, regardless of the performance of that security. If a specific security is removed from the Index, the Fund may be forced to sell such security at an inopportune time or for a price lower than the security's current market value

In general, equity values fluctuate, sometimes widely, in response to activities specific to the company as well as general market, economic and political conditions.

Investments focused in a particular industry are subject to greater risk, and are more greatly impacted by market volatility, than more diversified investments.

Information Technology Sector Concentration - 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.

Derivatives - Derivatives may be more volatile and less liquid than traditional investments and are subject to market, interest rate, credit, leverage, counterparty and management risks. An investment in a derivative could lose more than the cash amount invested.

The put/collar strategy used to seek to protect the Fund against a decline in value may not work as intended.

A decision as to whether, when and how to use options involves the exercise of skill and judgment and even a well conceived option transaction may be unsuccessful because of market behavior or unexpected events. The prices of options can be highly volatile and the use of options can lower total returns.

Short sales may cause an investor to repurchase a security at a higher price, causing a loss. As there is no limit on how much the price of the security can increase, exposure to potential loss is unlimited.

The Fund is non-diversified and may experience greater volatility than a more diversified investment.

The value of an individual security or particular type of security may be more volatile than the market as a whole and may perform differently from the value of the market as a whole.

The Fund is subject to numerous market trading risks, including the potential lack of an active market, losses from trading in secondary markets, and disruption in the creation/redemption process. During stressed market conditions, Shares may become less liquid as result of deteriorating liquidity which could lead to differences in the market price and the underlying value of those Shares.

The Fund is subject to certain other risks. Please see the current prospectus for more information regarding the risks associated with an investment in the Fund.

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