Experience

Stradley Ronon Advises Invesco in Novel Conversion of $400B QQQ Trust to Open-End ETF

Stradley Ronon represented Invesco Capital Management in a first-of-its-kind conversion of the $400 billion Invesco QQQ Trust, Series 1, from an exchange-traded fund (ETF) organized as a unit investment trust (UIT) to an ETF organized as an open-end management investment company.

As a result of the December 22 conversion, shareholders of QQQ will be able to enjoy the benefits of a modernized structure and will benefit from a reduced total expense ratio, resulting in a 10% fee reduction for shareholders. In addition, Invesco will be able to earn a profit from its management of the fund for the first time. Under the Investment Company Act of 1940, sponsors of a UIT are prohibited from charging a UIT any fees that include an element of profit, and the conversion has removed that limitation.

Invesco is an independent global investment firm managing $2.1 trillion in assets under management for both retail and institutional investors as of September 30.

Learn more in Invesco's announcement.

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