

Market Momentum and Volatility Trends: Assessing Recent High-Beta Outperformance

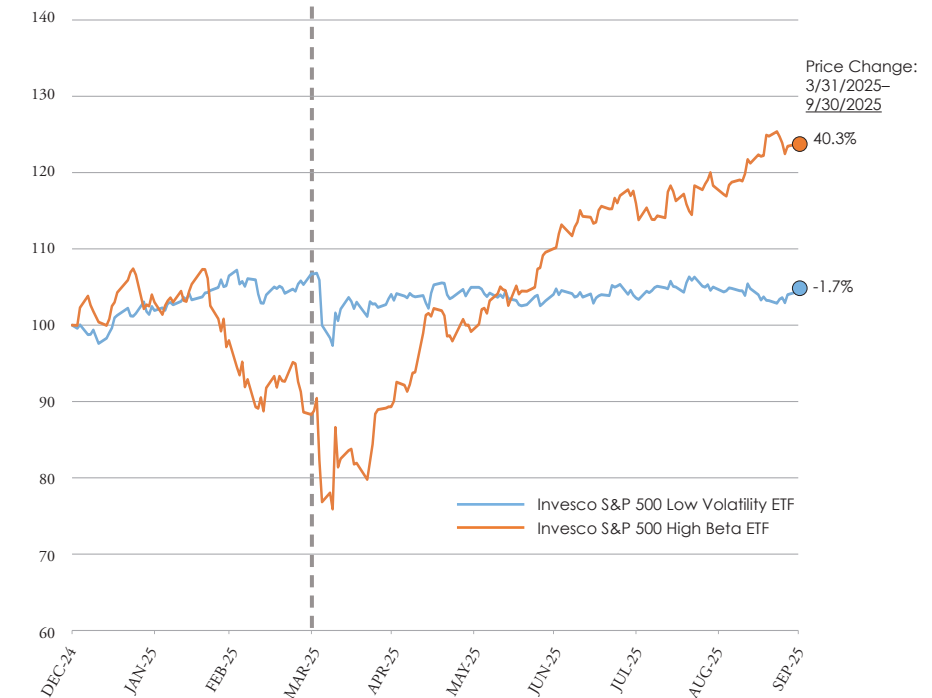
In the six-month period ending September 30, the S&P 500 posted one of the highest six-month gains in the past 25 years. Perhaps even more remarkable was the outperformance of more volatile (higher beta) stocks over this period.

The chart to the right shows the performance of higher beta versus lower beta stocks within the S&P 500 this year. After outperforming during the first quarter, lower beta stocks have actually declined 1.7% over the past two quarters, while higher beta issues have posted a 40.3% return. This reflects the recent “risk on” nature of the market and the outperformance of high price-momentum and lower quality stocks over the period.

The six-month difference in return between high-beta and low-beta stocks was 42.0% through September 30, marking one of the largest differences in return in recent history. As the chart to the right illustrates, past periods when higher beta stocks have outperformed by a similar magnitude were followed by a reversion to more normal levels of return versus lower beta issues over subsequent periods.

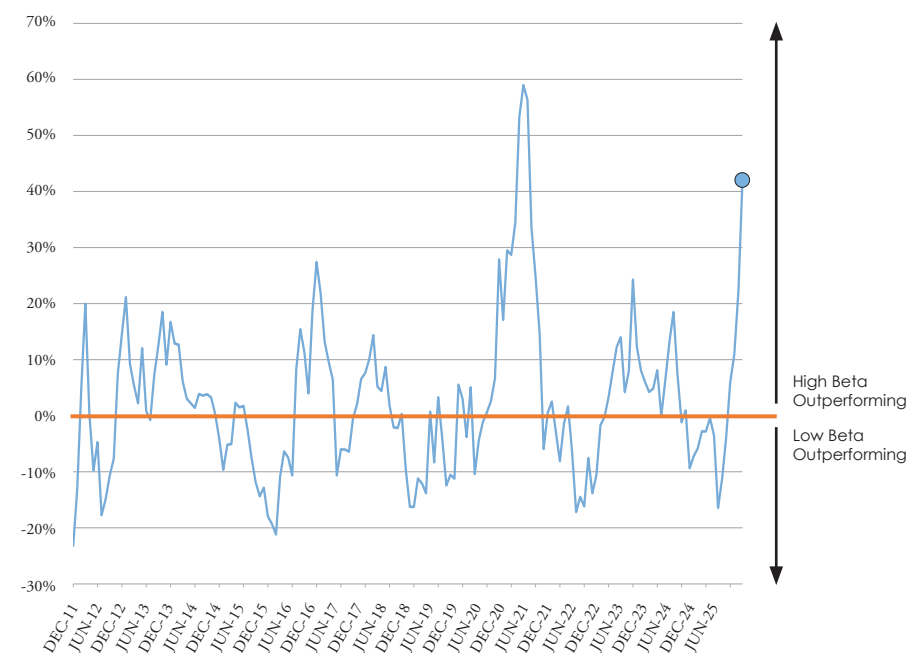
While selected higher beta issues may remain attractive for long-term investors, we believe that risk controls have become increasingly important as the year has progressed. These include broad diversification, a focus on higher quality issues, and consideration of stock valuations along with earnings growth prospects.

S&P 500 HIGH BETA vs LOW BETA, YEAR-TO-DATE



Data from 12/31/2024–9/30/2025
Source: FactSet

S&P 500 HIGH BETA vs LOW BETA, ROLLING 6-MONTH
RELATIVE RETURNS



Data from 12/31/2011–9/30/2025
Source: FactSet

DISCLOSURES

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REFERENCED INDEX

(Indices are unmanaged and are not available for direct investment.)

Invesco S&P 500 High Beta ETF—The Invesco S&P 500 High Beta ETF tracks a beta-weighted index of the 100 highest-beta stocks in the S&P 500.

Invesco S&P 500 Low Volatility ETF—The Invesco S&P 500 Low Volatility ETF tracks a volatility-weighted index of the 100 least-volatile stocks in the S&P 500.

S&P 500 Index—The S&P 500 Stock Index is a market capitalization weighted index and consists of 500 stocks chosen for market size, liquidity and industry group representation.

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