# Nasdaq 100 Index – Commentary

March 2023

## Accessing Innovation in the US

The monthly returns of the NDX and S&P hid the volatility that the overall market experienced. Volatility was not only seen in equities but was also present in fixed income. The primary source of instability came from the largest bank failure seen in the US since the Global Financial Crisis. The Federal Open Market Committee (FOMC) met during the month, also adding to the volatility seen during the month.

Silicon Valley Bank (SVB) was the 16th largest bank and was shut down by federal regulators after several of the bank's investments dropped in value while customers withdrew large amounts of deposits. Subsequently, the bank failed to raise more capital and federal regulators stepped in and took over control of the bank. New York based Signature Bank was also taken under control by federal regulators shortly after SVB's failure. The collapse of SVB and Signature Bank raised fears of contagion amongst other regional banks. Volatility increased dramatically during this time as the VIX Index, a gauge of volatility for the S&P 500 Index, rose above 30 for the first time since October 2022.

Overall, federal action, along with the acquisition of most of the assets of the failed banks by other institutions, managed to damper the immediate concerns of a financial collapse and led to a large rally in equities during the last week of the month. The rally was led by technology stocks with financials lagging. However, concerns of future contagion in other banks and economic slowdown remained.

Amid the turmoil in the banking system, the FOMC met during the third week of the month and raised the target rate by 0.25%, placing the upper end of the Fed Funds rate at 5.0%. The median expectation for the target rate from the FOMC members also showed that there was a possibility for one more 0.25% hike for this cycle. However, Powell did clarify, as he has done in previous meetings, that taming inflation is the primary objective at this point and a rise in inflation readings could require additional hikes.

## Index performance

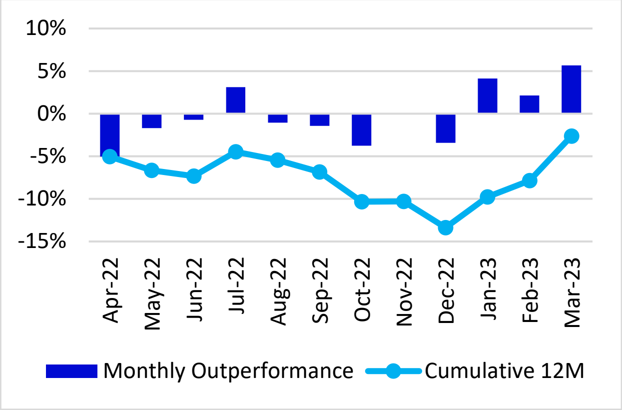
*Past performance does not predict future returns*

| | 1m | YTD | 1y | 10Y (ann.) |
|---|---|---|---|---|
| **NASDAQ-100** | 9.5% | 20.7% | -10.6% | 17.6% |
| **S&P 500** | 3.6% | 7.4% | -8.2% | 11.6% |
| **Relative** | 5.7% | 12.4% | -2.6% | 5.3% |

Source: Bloomberg as of 31 Mar 2023.
An investment cannot be made directly into an index.

## Monthly performance Nasdaq-100 vs. S&P 500

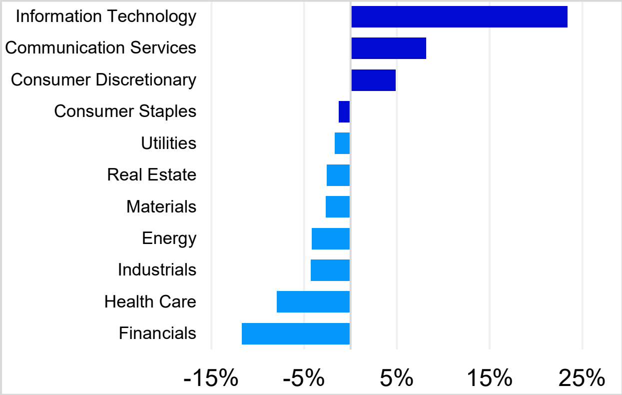
*Past performance does not predict future returns*




Source: Bloomberg as of 31 Mar 2023.
An investment cannot be made directly into an index.

## Sector weightings Nasdaq-100 vs. S&P 500

Whilst the Nasdaq-100 specifically excludes Financials (incl. Real Estate), it also currently offers no exposure to Materials or Energy




Data: Invesco, FactSet as of 31 Mar 2023. Data in USD

## Nasdaq 100 Performance Drivers

March performance attribution of the Nasdaq 100 vs the S&P 500 Index

For the month of March, the Nasdaq 100 Index (NDX) returned 9.5%, outperforming the S&P 500 Index, which returned 3.6%. Communication Services, Information Technology, and Health Care were NDX's best performing sectors and returned 12.18%, 12.10% and 7.40%, respectively. The Energy sector was the biggest detractor to performance with a return of -3.98%.

NDX's outperformance vs. the S&P 500 was largely driven by its overweight exposure and differentiated holdings in the Information Technology sector. The funds lack of exposure to the Financials sector also contributed to relative performance. NDX's overweight exposure and differentiated holdings to the communication services was the third largest contributor to relative performance vs the S&P 500. Utilities was the only detractor which had underweight exposure.

### March Attribution: Nasdaq 100 vs the S&P 500

| | Nasdaq 100 | | | | Nasdaq 100 vs S&P 500 Attribution | | |
|---|---|---|---|---|---|---|---|
| (%) | Average Weight | Avg Wt Difference vs S&P 500 | Sector Return | Sector Contribution | Allocation Effect | Selection Effect | Total Effect |
| Utilities | 1.20 | -1.68 | 4.19 | 0.05 | -0.02 | -0.01 | -0.03 |
| Consumer Staples | 5.90 | -0.89 | 4.15 | 0.25 | -0.00 | -0.01 | -0.01 |
| Materials | N/A | -2.69 | N/A | N/A | 0.13 | N/A | 0.13 |
| Real Estate | N/A | -2.60 | N/A | N/A | 0.14 | N/A | 0.14 |
| Consumer Discretionary | 15.11 | 4.66 | 4.13 | 0.57 | -0.04 | 0.18 | 0.14 |
| Energy | 0.43 | -4.27 | -3.98 | -0.02 | 0.17 | -0.02 | 0.15 |
| Industrials | 3.49 | -4.91 | 1.85 | 0.06 | 0.16 | 0.05 | 0.20 |
| Health Care | 6.34 | -8.04 | 7.40 | 0.49 | 0.12 | 0.34 | 0.46 |
| Communication Services | 16.31 | 8.36 | 12.18 | 1.98 | 0.56 | 0.28 | 0.84 |
| Financials | N/A | -10.83 | N/A | N/A | 1.57 | N/A | 1.57 |
| Information Technology | 51.23 | 22.88 | 12.10 | 6.17 | 1.63 | 0.64 | 2.27 |
| **Total** | **100.00** | **N/A** | **9.54** | **9.54** | **4.42** | **1.45** | **5.87** |

Data: Invesco, FactSet, as of 31 Mar 2023 Data in USD.

### March's Top Contributors/Detractors relative to the S&P 500

| Top Contributors (% of total net assets) | | |
|---|---|---|
| **Company** | **Weight** | **1-mo. Return** |
| Microsoft | 12.29% | 15.59% |
| Nvidia | 4.98% | 19.67% |
| Apple | 12.31% | 11.86% |

| Top Detractors (% of total net assets) | | |
|---|---|---|
| **Company** | **Weight** | **1-mo. Return** |
| Tesla | 3.73% | 0.85% |
| PDD Holdings | 0.36% | -13.48% |
| Rivian Automotive | 0.11% | -19.79% |

Source: Bloomberg, as of 31 Mar 2023. Past performance does not predict future returns. Top and bottom performers for the month by relative performance.

## Historical Performance

*Past performance does not predict future returns*

| | Mar-13 to Mar-14 | Mar-14 to Mar-15 | Mar-15 to Mar-16 | Mar-16 to Mar-17 | Mar-17 to Mar-18 | Mar-18 to Mar-19 | Mar-19 to Mar-20 | Mar-20 to Mar-21 | Mar-21 to Mar-22 | Mar-22 to Mar-23 | 2022 | 2020 to 2022 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **NASDAQ-100 Net Total Return Index** | 28.8% | 21.5% | 4.3% | 22.3% | 22.0% | 13.0% | 6.7% | 68.5% | 13.9% | -10.6% | -32.6% | 27.4% |
| **S&P 500 Net Total Return Index** | 21.1% | 12.0% | 1.1% | 16.4% | 13.3% | 8.8% | -7.5% | 55.6% | 15.2% | -8.2% | -18.5% | 23.0% |

Data: Invesco, Bloomberg, as of 31 Mar 2023. Data in USD.

**Investment Risks**
The value of investments and any income will fluctuate (this may partly be the result of exchange rate fluctuations) and investors may not get back the full amount invested.

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