Nasdaq 100 Index – Commentary

February 2023

Accessing Innovation in the US

Although equity indices finished modestly lower in February, volatility started to move back into the market as stocks traded near six-month highs at the beginning of the month. A shift in sentiment amongst investors started after the Federal Open Market Committee (FOMC) meeting and gained pace as economic data was reported and companies released their previous quarters' financial results. Overall, market action continued to be driven by messaging from the FOMC, inflation data and economic activity.

The FOMC held their first meeting of 2023 and announced a 0.25% increase to the target federal funds rate. The hike was a step down from the 0.50% hike in December. The FOMC has now decreased the size of the rate hikes in the previous two meetings, down from the 0.75% hike announced during the November 2022 meeting. Although the market expected the 25-basis point rate hike, equities extended the rally off of comments from Federal Reserve Chairman, Jerome Powell, delivered during his post-meeting press conference. Powell indicated that the disinflation process had started, which strengthened investors' thoughts that the potential for rate cuts in 2023 were still possible.

As the month progressed, new inflation readings across the globe caused investors to fear that the FOMC will have to continue the fight against inflation for longer than initially expected. The February Consumer Price Index (CPI) reading was released on the 14th and came in higher than expectations, 5.6% vs. 5.4%. There was also a rise in Fed's preferred measure of inflation, the Personal Consumption Expenditure Index (PCE). The month-over-month reading came in above expectations at 0.6% vs. 0.5%, while the year-over-year reading was reported at 5.4%, significantly higher than the 5.0% expectation.

Ultimately, the hawkish Fed speak caused investors to push back their expectations of when a rate cut will occur. According to Bloomberg, the expectation for a rate cut had been pushed to the beginning of 2024, which is later than the third quarter expectation seen at the end of January. Bloomberg also showed the target rate peaking in September at 5.4%.

Index performance

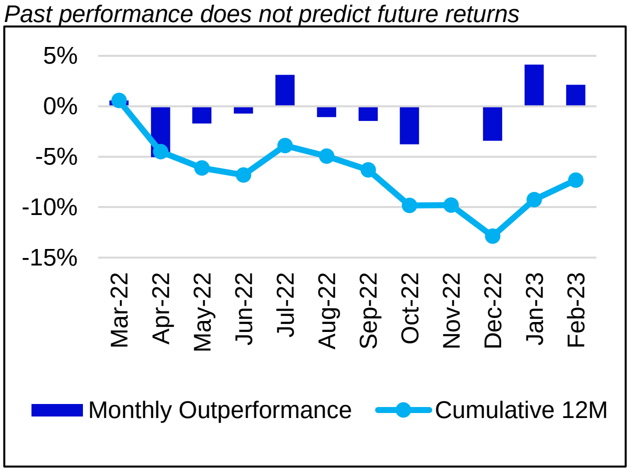
Past performance does not predict future returns

	1m	YTD	1y	10Y (ann.)
NASDAQ-100	-0.4%	10.2%	-14.9%	16.8%
S&P 500	-2.5%	3.6%	-8.2%	11.6%
Relative	2.1%	6.4%	-7.3%	4.7%

Source: Bloomberg as of 28 Feb 2023.
An investment cannot be made directly into an index.

Monthly performance Nasdaq-100 vs. S&P 500

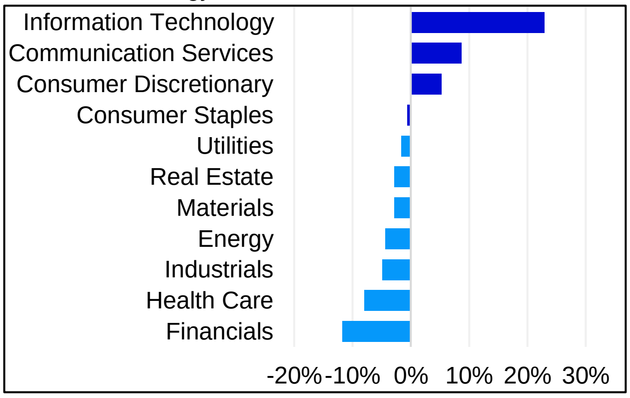
Past performance does not predict future returns



Source: Bloomberg as of 28 Feb 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 28 Feb 2023. Data in USD

Nasdaq 100 Performance Drivers

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

For the month of February, the Nasdaq 100 Index (NDX) returned -0.4%, outperforming the S&P 500 Index, which returned -2.5%. Information Technology, Consumer Discretionary and Consumer Staples were NDX's best performing sectors and returned 1.85%, -0.48% and -1.82%, respectively. The Utilities sector was the biggest detractor to performance with a return of -6.25%.

NDX's outperformance vs. the S&P 500 was largely driven by its overweight exposure and differentiated holdings in the Information Technology sector. NDX's overweight exposure and differentiated holdings to the Consumer Discretionary also contributed to relative performance. Underweight exposure to the Industrials sector along with lack of exposure to the Financials sector detracted from relative performance vs. the S&P 500.

February 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
Industrials	3.61	-4.77	-3.00	-0.10	-0.08	-0.08	-0.16
Financials	N/A	-11.62	N/A	N/A	-0.02	N/A	-0.02
Communication Services	16.37	8.53	-3.57	-0.57	-0.19	0.19	--
Materials	N/A	-2.73	N/A	N/A	0.02	N/A	0.02
Consumer Staples	5.99	-0.66	-1.82	-0.11	--	0.03	0.03
Utilities	1.24	-1.63	-6.25	-0.08	0.06	--	0.05
Real Estate	N/A	-2.74	N/A	N/A	0.10	N/A	0.10
Health Care	6.43	-8.02	-4.49	-0.29	0.17	0.01	0.18
Energy	0.46	-4.40	-3.35	-0.01	0.21	0.02	0.23
Consumer Discretionary	15.73	5.08	-0.48	-0.06	0.02	0.26	0.28
Information Technology	50.19	22.96	1.85	0.85	0.66	0.69	1.35
Total	**100.00**	**--**	**-0.37**	**-0.37**	**0.95**	**1.12**	**2.07**

Data: Invesco, FactSet, as of 28 Feb 2023 Data in USD.

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

Top Contributors (% of total net assets)		
Company	**Weight**	**1-mo. Return**
Nvidia	4.36%	10.85%
Tesla	3.92%	13.40%
Meta Platforms	3.19%	14.25%

Top Detractors (% of total net assets)		
Company	**Weight**	**1-mo. Return**
Amazon	6.35%	-10.39%
Alphabet	7.38%	-10.33%
Adobe	1.38%	-15.62%

Source: Bloomberg, as of 28 Feb 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

	Feb-13 to Feb-14	Feb-14 to Feb-15	Feb-15 to Feb-16	Feb-16 to Feb-17	Feb-17 to Feb-18	Feb-18 to Feb-19	Feb-19 to Feb-20	Feb-20 to Feb-21	Feb-21 to Feb-22	Feb-22 to Feb-23	2022	2020 to 2022
NASDAQ-100 Net Total Return Index	36.3%	21.1%	-4.6%	28.0%	29.6%	4.3%	20.1%	53.4%	10.8%	-14.9%	-32.6%	27.4%
S&P 500 Net Total Return Index	24.6%	14.8%	-6.8%	24.2%	16.4%	4.1%	7.6%	30.6%	15.9%	-8.2%	-18.5%	23.0%

Data: Invesco, Bloomberg, as of 28 Feb 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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