

# Nasdaq 100 Index® - Commentary

April 2024

## Key Highlights

- Equities finished April in negative territory amongst a CPI print that came in higher than expected and the Federal Open Market Committee's hawkish stance.
- For the month of April, the Nasdaq-100 Index (NDX) returned -4.4% underperforming the S&P 500 Index which returned -4.1%.



## About the index

- The Nasdaq 100 is one of the world's preeminent large cap growth indexes.
- The companies in the Nasdaq-100 include the largest non-financial companies listed on the Nasdaq Stock Market based on market capitalization.

## US Market Recap

The equity indices' all-time highs set in March proved to be the most recent top, as stocks sold off in April. The S&P 500 Index fell as much as 5.5%, Nasdaq-100 Index (NDX) down as much as 6.6%, before paring some of the losses during the last week of the month. Volatility increased to its highest level so far this year as the Volatility Index (VIX) hit 21.4 at one point. Contributors to the pullback were concerns of sticky inflation, rising interest rates, geopolitical unrest and corporate earnings.

April's selloff gained steam on the 4<sup>th</sup> as several US Federal Reserve (Fed) officials provided comments on the current state of inflation and monetary policy. Richmond US Fed President Tom Barkin stated that it would be smart for the Federal Open Market Committee's (FOMC) to take their time as no one wants inflation to reemerge.

The Consumer Price Index (CPI) monthly reading was released on the 10<sup>th</sup> and showed year-over-year inflation higher than analysts' expectations. Inflation came in at 3.5%, higher than the 3.4% estimate and 3.2% reading of the previous month. Three out of four CPI readings this year have been 3% or higher, well above the FOMC 2% target. A rise in the cost of Core Services was the largest contributor to the year-over-year numbers with the rise in the cost of Energy and the cost of Food also contributing. The cost of core good fell and was the third month in a row of year-over-year declines.

Month-over-month CPI number was announced above the street's expectation of 0.3% and was at the same elevated level as the previous reading, 0.4%. The cost of Core Services was the largest contributor to the month-over-month increase followed by increases in the cost of Energy and the cost of Food. The cost of core Goods fell for the month of March.

The previously mentioned comments from Fed Officials, combined with the stickier inflation readings, caused many investors to push out their expectations of when the FOMC will start rate cuts. Expectations started to shift after the previous FOMC meeting and continued through the month of April. Fed Futures on Bloomberg showed that the first rate cut was anticipated to arrive in December, a significant shift back from the expectation of July, which was in place at the end of March.

Increased tensions in the Middle East contributed to the rise in volatility during April. During the evening of April 1<sup>st</sup>, it was reported that Israel launched an attack against the Iranian embassy located in Syria which left several dead. The Syrian government was quick to condemn the bombing and called it an "atrocious terrorist attack." The news of the attack contributed to the S&P 500 trading below 5200 the next day. Approximately two weeks later, it was reported that Iran launched an attack against Israel comprised of hundreds of drones and missiles. Israeli military stated that many of the projectiles were intercepted before hitting targets and that "minor damaged occurred to the infrastructure". This attack occurred over a weekend, but markets responded the following Monday with the S&P 500 trading down 1.20% while NDX traded down 1.65%. Another attack occurred on April 19<sup>th</sup>, taking place in the Iranian city of Isfahan, with Israel not claiming responsibility. This attack was reported to be of much smaller scale and caused limited damage. The increased tensions caused U.S. government officials, along with other countries, to urge the parties involved to work towards de-escalation.

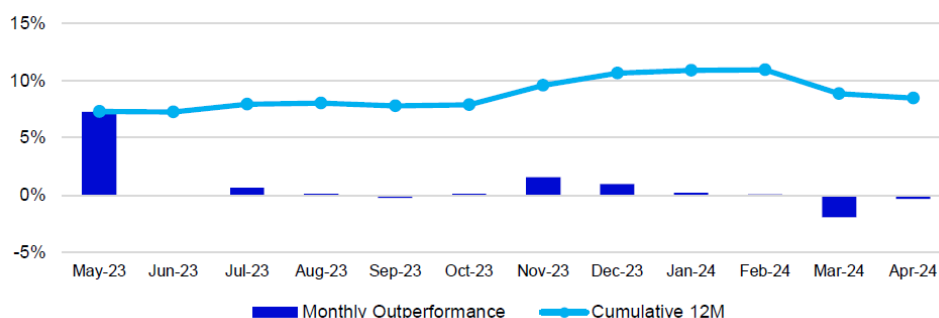
Index Performance	1 Month	YTD	1 Year	10 Years (CAGR)
<b>NASDAQ- 100</b>	-4.4%	3.8%	32.4%	18.0%
<b>S&amp;P 500</b>	-4.1%	5.9%	22.1%	11.8%
<b>Relative</b>	-0.3%	-2.0%	8.5%	5.5%

Source: Bloomberg as of 30 April 2024. An investment cannot be made directly into an index.

**Past performance may or may not be sustained in future.**

**Disclaimer:** Returns less than 1 year are absolute returns and more than 1 year are Compounded Annualized Growth rate (CAGR) for Benchmark Indices. The same are for the illustration purpose only and should not be construed as investment advice. It does not in any manner imply or suggest the performance of any schemes of Invesco Mutual Fund.

## Monthly Performance Nasdaq-100 vs S&P 500

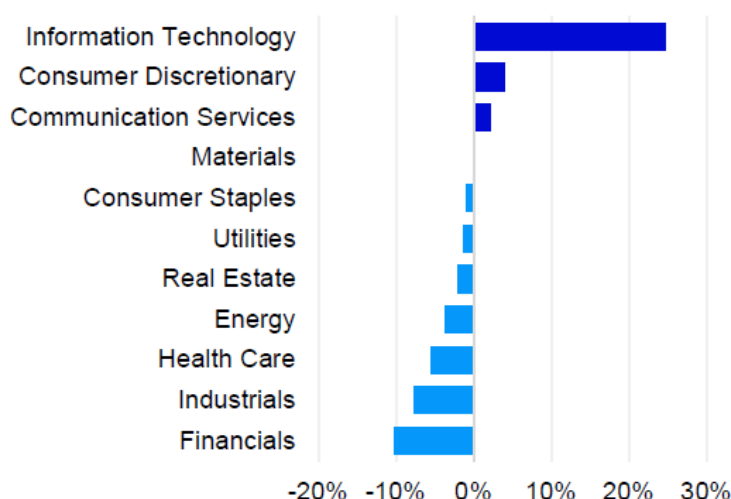


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## Sector weightings Nasdaq-100 vs. S&P 500



Source: Invesco, FactSet, as of 30 April 2024. Data in USD.

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## Nasdaq 100 Performance Drivers

April's performance attribution of the Nasdaq 100 (NDX) vs the S&P 500 Index

From a sector perspective, Consumer Staples, Utilities and Energy were the best performing sectors in NDX and returned 0.30%, 0.18% and -0.51%, respectively. During the month, these three sectors had average weights of 3.87%, 1.27% and 0.52%, respectively. The bottom performing sectors in NDX were Industrials, Basic Materials and Health Care with average weights of 4.59%, 1.92% and 6.16%, respectively. Industrials returned -6.60%, Basic Materials returned -6.08% while Health Care returned -5.87%.

NDX's underperformance vs. the S&P 500 was driven by its overweight exposure and differentiated holdings in the Technology sector. NDX's differentiated holdings in the Industrials sector also detracted from relative performance. Underweight exposure in the Energy sector was the third detractor to relative performance vs. the S&P 500. The Consumer Discretionary sector contributed the most to relative performance and was driven by its differentiated holdings. Underweight exposure and differentiated holdings in the Real Estate sector, along with its lack of exposure to the Financials sector, also contributed to relative performance to the S&P 500.

**NDX Contributor/Detractor Spotlight:** Meta Platforms announced earnings on the 24<sup>th</sup> and exceeded the consensus expectations for both revenue and earnings-per-share. Revenue came in at \$36.46 billion vs. the \$36.12 billion consensus while adjusted earnings-per-share was \$4.71 vs. the consensus was \$4.30. However, Meta's stock fell over 10% the following trading session off lower-than-expected revenue guidance for the next quarter, \$36.5 billion - \$39 billion along with higher-than-expected capital expenditures guidance, \$35 billion - \$40 billion. If both come to fruition, it would place profit margins under pressure.

## April's Attribution: Nasdaq 100 vs the S&P 500

Nasdaq 100 vs S&P 500 Attribution	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
(%)							
Technology	59.14	24.69	-4.65	-2.78	-0.02	-0.24	-0.26
Industrials	4.59	-7.57	-6.60	-0.30	-0.01	-0.12	-0.12
Energy	0.52	-3.69	-0.51	--	-0.12	--	-0.12
Utilities	1.27	-1.25	0.18	0.01	-0.07	-0.01	-0.08
Basic Materials	1.92	0.18	-6.08	-0.12	--	-0.05	-0.05
Telecommunications	4.35	2.26	-5.54	-0.24	-0.04	0.02	-0.03
Health Care	6.16	-5.43	-5.87	-0.35	0.05	-0.06	-0.01
Consumer Staples	3.87	-0.94	0.30	0.03	-0.03	0.04	0.01
Financials	NA	-10.15	NA	NA	0.02	NA	0.02
Real Estate	0.27	-1.93	-5.25	-0.01	0.09	0.01	0.10
Consumer Discretionary	17.92	3.83	-3.64	-0.66	-0.03	0.22	0.19
<b>Total</b>	<b>100.00</b>	<b>NA</b>	<b>-4.43</b>	<b>-4.43</b>	<b>-0.16</b>	<b>-0.19</b>	<b>-0.35</b>

Source: Invesco as of 30 April 2024. Data in USD. Sectors: ICB Classification. All figures in percentage terms. Market allocation effect shows the excess contribution due to sector/market allocation. A positive allocation effect implies that the choice of sector weights in the portfolio added value to the portfolio contribution with respect to the benchmark and vice versa. Selection effect shows the excess contribution due to security selection. A positive selection effect implies that the choice of stocks in the portfolio added value to the portfolio contribution with respect to the benchmark and vice versa. Total effect is the difference in contribution between the benchmark and portfolio.

**Past performance may or may not be sustained in future.**

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

Top Contributors (% of total net assets)			Top Detractors (% of total net assets)		
Company	Weight	1-month Return	Company	Weight	1-month Return
Tesla	4.26%	4.26%	Intel	1.16 %	-31.02%
Alphabet (Class A & C)	5.22%	8.13%	Meta Platform	4.96%	-11.41%
Broadcom	0.59%	7.68%	Advanced Micro Devices	1.96%	-12.25%

Source: Bloomberg, as of 30 April 2024. Top and bottom performers for the month by relative performance. Holdings are subject to change and are not buy/sell recommendations.

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## Historical Performance

	Apr-14 to Apr-15	Apr-15 to Apr-16	Apr-16 to Apr-17	Apr-17 to Apr-18	Apr-18 to Apr-19	Apr-19 to Apr-20	Apr-20 to Apr-21	Apr-21 to Apr-22	Apr-22 to Apr-23	Apr-23 to Apr-24	2023	2021 to 2023
<b>NASDAQ-100</b>												
<b>Net TR Index</b>	24.2%	-0.8%	29.7%	19.2%	18.7 %	16.5%	54.9%	-6.8%	3.7%	32.4%	54.7%	9.9%
<b>S&amp;P 500 Net TR Index</b>	12.3%	0.5%	17.2%	12.6%	12.8%	0.3%	45.3%	-0.2%	2.1%	22.1%	25.7%	9.5%

Source: Invesco, Bloomberg, as of 30 April 2024. Data in USD. For 2022 to 2023, performance shown is from 01 January 2022 to 31 December 2023 and for 2021 to 2023, compounded annual growth rate (CAGR) performance shown is from 01 January 2021 to 31 December 2023. An investment cannot be made into an index.

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