

Key Highlights

- Equities finished December in mixed territory amid slightly lower inflation and higher interest rates.
- For the month of December, the Nasdaq-100 Index (NDX) returned 0.4%, outperforming the S&P 500 Index, which returned -2.4%.



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

Positive momentum seen in equities post-election slowed in the first half of December before eventually reversing, as sellers took control during the back half of the month. The selling pressure seen during the last two weeks of the year caused major US indices to finish at levels seen in the middle of November. Large-growth oriented companies outperformed which helped NDX and the Russell 1000 Growth outperform the S&P 500. Small-cap oriented companies, along with Value oriented companies, underperformed as the Russell 1000 Value and Russell 2000 falling 6.84% and 8.26, respectively. Overall, price action during the month showed many investors focus on what had been favoured through most of the year: the Magnificent 7.

Volatility did see an uptick during the month with the VIX Index posting a high of 27.62 on December 18th. The monthly high occurred on the day of the US Federal Open Market Committee's (FOMC) last meeting of the year. The VIX ultimately finished at 17.35. The US FOMC meeting was the primary catalyst of equity markets in December, but investors did pay close attention to interest rates and inflation readings.

The US FOMC concluded their final meeting of 2024 on December 18th and provided insight into the potential future path of interest rates. The decision to cut the target rate by 0.25% brought the target range to 4.25% -4.50% and was highly anticipated by many investors. However, other information that was released with the decision gave many investors the view that it was a "hawkish cut." Driving this train of thought was the updated Summary of Economic Projections (SEP). The SEP is released on a quarterly basis and provides the US FOMC's projections for GDP, inflation, unemployment and the Fed Funds target rate.

During the press conference immediately following the meeting, US Fed Chairman Jerome Powell continued his balanced messaging stating that while inflation remained above their long-term goal of 2%, progress was being made to achieve it while the labor market still showed strength. Powell reiterated that the committee would continue to remain data dependent when making future policy decisions and would not comment on when the next rate cut may be.

Innovator Spotlight

Google has been making headlines recently with its latest innovation: the Willow Chip. This new chip is a state-of-the-art quantum computing chip. The main difference between quantum computing and a standard computer is that quantum computing can complete multiple simultaneous steps, solving problems much faster than standard computing which does things one step at a time.

This chip is heralded as a solution to a few problems plaguing computing today. First, this new chip can significantly reduce errors vs. standard computing technologies. Second, the chip has completed "standard benchmark computation" in record time. Willow's performance on this benchmark is astonishing: it performed a computation in under five minutes that would take one of today's fastest supercomputers 10^{25} or 10 septillion years. This mind-boggling number exceeds known timescales in physics and vastly exceeds the age of the universe. In conclusion, the chip would not only benefit many areas in the technology sector but is also believed to help scientists create new medicines, underscoring technology innovation's reach in our world.

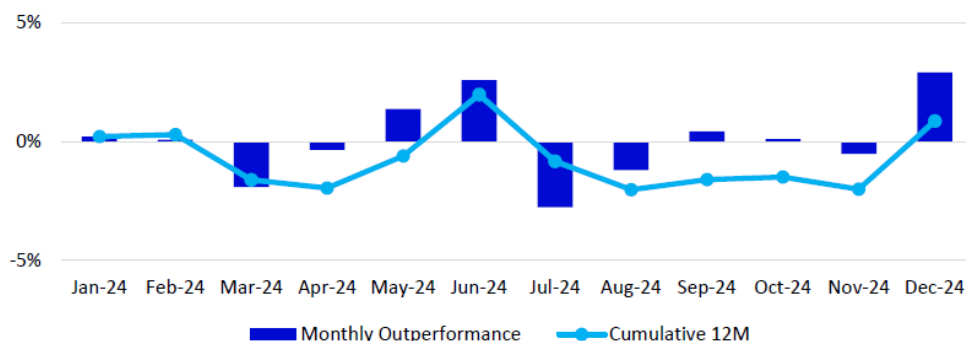
Index Performance	1 Month	YTD	1 Year	10 Years (CAGR)
NASDAQ- 100	0.4%	25.6%	25.6%	18.2%
S&P 500	-2.4%	24.5%	24.5%	12.5%
Relative	2.9%	0.9%	0.9%	5.1%

Source: Bloomberg as of 31 December 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 Relative Performance of Nasdaq 100 over S&P 500

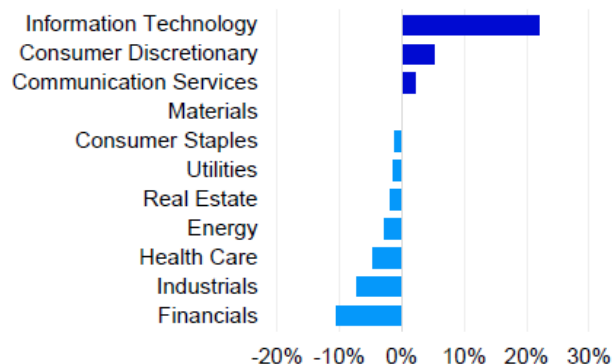


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Sector weightings for Nasdaq-100 over S&P 500



Source: Invesco, FactSet, as of 31 December 2024. Data in USD.

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Nasdaq 100 Performance Drivers

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

From a sector perspective, Technology and Consumer Discretionary were the best performing sectors in NDX and the only ones to have positive performance for the month. The two sectors returned 2.56% and 2.61%, respectively. Consumer Staples had the third best performance and returned -5.23%. During the month, these three sectors had average weights of 59.02%, 20.67% and 2.87%, respectively. The bottom performing sectors in NDX were Real Estate, Basic Materials and Utilities which had average weights of 0.19%, 1.56% and 1.23%, respectively. Real Estate returned -11.99%, Basic Materials returned -9.81% while Utilities returned -8.93%.

NDX's outperformance vs. the S&P 500 was driven by its differentiated holdings and overweight exposure in the Technology sector. Differentiated holdings and overweight exposure to the Consumer Discretionary sector was the second largest contributor to relative performance. The index's lack of exposure to the Financials sector also contributed to relative performance. Differentiated holdings and overweight exposure in the was the only detractor from relative performance vs. the S&P 500. The Basic Materials sector did not detract or contribute to relative performance.

NDX Contributor/Detractor Spotlight: Broadcom: - Broadcom's strong performance for December was driven by favorable Q3 financial results that were announced on December 12th. Revenue came in slightly below the consensus estimate of \$14.08 billion at \$14.05 billion while adjusted earnings-per-share was reported at \$1.42 vs. \$1.36. Although revenue was reported below expectations, the \$14 billion figure represented year-over-year growth of 51.2% and quarter-over-quarter growth of 7.5%. The semiconductor company has become a key player in the advancement of artificial intelligence over the past 18 months by offering storage and system solutions, wired and wireless connectivity devices along with mainframe and enterprise software. The company offered revenue guidance for Q1 2025 of \$14.6 billion which was welcomed positively by many investors. The company also iterated that they would continue to focus on high growth areas such as data centers and artificial intelligence. Broadcom's stock rose over 24% on December 13th, the day following the announcement.

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December's 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
(%)							
Telecommunications	4.38	2.25	-8.03	-0.35	-0.07	-0.14	-0.20
Basic Materials	1.56	0.23	-9.81	-0.16	-0.02	0.02	--
Utilities	1.23	-1.33	-8.93	-0.11	0.08	-0.01	0.07
Consumer Staples	2.87	-1.30	-5.23	-0.15	0.06	0.05	0.10
Real Estate	0.19	-1.93	-11.99	-0.02	0.13	-0.01	0.12
Health Care	5.15	-4.61	-5.47	-0.28	0.16	0.02	0.19
Industrials	4.38	-7.33	-8.14	-0.36	0.29	-0.09	0.20
Energy	0.55	-2.71	-7.26	-0.04	0.21	0.01	0.22
Financials	N/A	-10.49	N/A	N/A	0.44	N/A	0.44
Consumer Discretionary	20.67	5.41	2.61	0.50	0.17	0.40	0.57
Technology	59.02	21.81	2.56	1.44	1.05	0.08	1.13
Total	100	N/A	0.46	0.46	2.51	0.33	2.84

Source: Invesco as of 31 December 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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December'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
Broadcom	5.26%	43.40%	T-Mobile US	1.65%	-10.61%
Tesla	4.47%	17.00%	Adobe	1.32%	-13.81%
Meta Platforms	4.45%	11.32%	Palantir Technologies	0.30%	-6.27%

Source: Bloomberg, as of 31 December 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

	Dec-14 to Dec-15	Dec-15 to Dec-16	Dec-16 to Dec-17	Dec-17 to Dec-18	Dec-18 to Dec-19	Dec-19 to Dec-20	Dec-20 to Dec-21	Dec-21 to Dec-22	Dec-22 to Dec-23	Dec-23 to Dec-24	2023 to 2024	2022 to 2024
NASDAQ-100												
Net TR Index	9.3%	6.8%	32.5%	-0.3%	39.0%	48.5%	27.2%	-32.6%	54.7%	25.6%	25.6%	9.4%
S&P 500 Net TR Index	0.7%	11.2%	21.1%	-4.9%	30.7%	17.8%	28.2%	-18.5%	25.7%	24.5%	24.5%	8.4%

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

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