

Nasdaq 100 Index® - Commentary

January 2025

Key Highlights

- Equities finished January in positive territory amid slightly higher inflation and a resilient US Job Market
- For the month of January, the Nasdaq-100 Index (NDX) returned 2.2%, underperforming the S&P 500 Index, which returned 2.8%.



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

Equities started the year on a choppy note with negative returns through the middle of the month. After a favorable US Consumer Price Index (CPI) report equities bounced back and finished in positive territory for the month. Gains were widespread, with Large-cap growth (Nasdaq 100 and the Russell 1000 Growth Index), large-cap core (S&P 500 Index and Russell 1000 Index) and large-cap value (S&P 500 Value Index and Russell 1000 Value Index) all advancing for the month. Mid-cap (S&P 400 Index) and small-cap (S&P 600 index) also finished in positive territory for the first month of 2025. Earnings reports were also in focus towards the end of the month, as 2024, the Magnificent Seven companies reported their calendar Q4 results.

NDX enjoyed its best performance day of the month on January 15, advancing by 2.31%, after the release of the December US Consumer Price Index (CPI) report. While the headline numbers showed a slight acceleration of November, they were in line with expectations. The year-over-year figure rose by 2.9%, up from 2.7% in November while the month-over-month number climbed by 0.4%, up from the 0.3% increase in November. Market optimism seemed to stem from the core readings, which excludes the more volatile food and energy components, as they showed deacceleration from November and were reported below economists' expectations.

The US Federal Open Market Committee (FOMC) held its first meeting of 2025 from January 28-29 and kept the US Federal Funds target rate steady at 4.25% – 4.50%. This ends the streak of three consecutive meetings with a rate cut after the Fed began its rate-cutting cycle at the September 2024 meeting. Many viewed the action as a "hawkish hold" as language in the Fed's statement regarding prices changed. The phrase referring to the Fed making progress towards the 2% inflation goal was amended to say that inflation remains elevated. The statement also referenced the continued strength in the labor market by mentioning that "The unemployment rate has stabilized at a low level in recent months, and labor market conditions remain solid."

Innovator Spotlight

Apple has announced a collaboration with SpaceX and T-Mobile to integrate Starlink satellite support into iPhones, providing an alternative to the existing Globalstar service. This initiative aims to enhance connectivity in areas lacking cellular coverage, such as remote hiking trails.

When a T-Mobile iPhone is outside the cellular range, it will first attempt to connect to SpaceX's Starlink satellites. Users will also have the option to enable texting via the satellite menu for Globalstar or contact emergency services through Apple. This development could significantly impact communication services, particularly in off-the-grid locations which could beg the question of whether people will need terrestrial networks at all. For now, there are rules in place for regular networks which provides these networks protection, but this latest advancement could spell a change in communication services in the future. This partnership highlights Apple's dedication to driving forward communication technology, marking a sizeable leap in industry innovation.

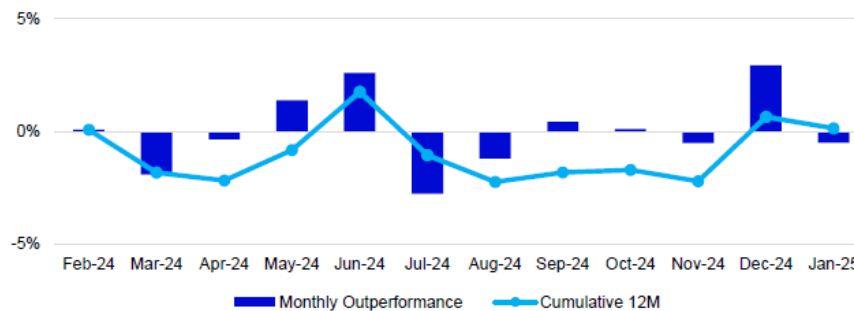
Index Performance	1 Month	YTD	1 Year	10 Years (CAGR)
NASDAQ- 100	2.2%	2.2%	26.0%	18.7%
S&P 500	2.8%	2.8%	25.9%	13.1%
Relative	-0.6%	-0.6%	0.1%	4.9%

Source: Bloomberg as of 31 January 2025. 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

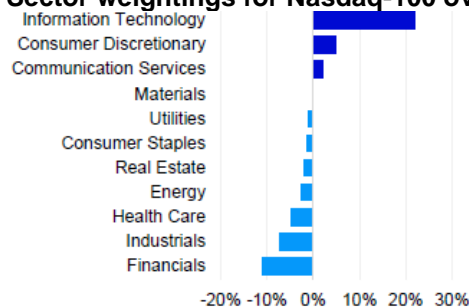


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Sector weightings for Nasdaq-100 over S&P 500



Source: Invesco, FactSet, as of 31 January 2025. Data in USD.

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Nasdaq 100 Performance Drivers

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

From a sector perspective, nine of the ten sectors that NDX has exposure to finished in positive territory for January. Utilities and Health Care were the best performing sectors in NDX up 15.15% and 7.50%, respectively. Utilities averaged a 1.37% weighting in NDX for the month and Health Care averaged a 5.10% weight in NDX for January. The bottom-performing sectors in NDX were Consumer Staples and Technology. Consumer Staples was the only sector to finish in negative territory in NDX for the month, declining by 1.74% and had an average weight of 2.78% in NDX. Technology advanced by 0.44% with an average weight of 59.32% in NDX for January.

NDX's underperformance vs. the S&P 500 was driven by its lack of exposure to the Financials sector, which advanced by 6.49% in the S&P 500 Index with an average weight of 10.65% for the month. Underweight exposure to the Industrials sector also weighed on relative performance as the sector averaged a 4.56% weight in NDX and returned 4.02% vs. an 11.71% average weight in the S&P 500 Index with a 5.36% return.

NDX Contributor/Detractor Spotlight- Broadcom: During the back half of the month, the release of Chinese startup DeepSeek's most recent models caused a ripple effect across AI-related stocks. One week after the release, DeepSeek's AI Assistant rose to the top of Apple's AppStore, replacing ChatGPT. Reports swirled that training costs for one of the models was below \$6 million. Many noted that the models are comparable with (or have even surpassed) some of the most advanced models in the market like ChatGPT or Llama. This caused widespread selloffs across US stocks, as investors extrapolated that there is a risk of significantly lower spending on semiconductors and data center buildouts. In reaction, we saw some notable decliners for the last week of the month. Some of the largest decliners for the week ending January 31 within NDX, included NVIDIA (-15.81%), Micron (-11.58%), Broadcom (-9.57%), Marvell Technology (-9.00%), Cadence Design (-7.13%), Intel (-6.72%) and Microsoft (-6.53%). Constellation Energy also came under pressure as nuclear power has been increasingly viewed as a way to power an increased buildout of datacenters across the country. Shares slumped by 13.66% over this same time period. Despite the slide, shares of Constellation Energy were the best performers in NDX for the month, advancing by over 34%.

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January'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
Financials	N/A	-10.69	N/A	N/A	-0.39	N/A	-0.39
Industrials	4.56	-7.20	4.02	0.19	-0.19	-0.06	-0.25
Health Care	5.10	-4.73	7.50	0.37	-0.18	0.04	-0.13
Technology	59.32	22.17	0.44	0.27	-0.75	0.66	-0.09
Consumer Staples	2.78	-1.25	-1.74	-0.05	0.02	-0.08	-0.06
Telecommunications	4.28	2.19	1.20	0.05	-0.03	-0.01	-0.04
Basic Materials	1.55	0.25	5.85	0.09	0.01	-0.01	-0.00
Real Estate	0.19	-1.88	7.00	0.01	0.02	0.01	0.03
Energy	0.59	-2.73	5.95	0.04	0.02	0.02	0.04
Utilities	1.37	-1.20	15.15	0.19	-0.01	0.15	0.14
Total	100.00	N/A	2.25	2.25	-1.37	0.84	-0.53

Source: Invesco as of 31 January 2025. 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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January'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
Constellation Energy	0.56%	34.09%	ON Semiconductor	0.15%	-16.99%
ARM Holdings PLC- ADR	0.12%	29.43%	Electronic Arts Inc.	0.23%	-15.99%
Atlassian Corp.- Class A	0.26%	26.05%	NVIDIA Corp.	8.53%	-10.59%

Source: Bloomberg, as of 31 January 2025. 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

	Jan-15 to Jan-16	Jan-16 to Jan-17	Jan-17 to Jan-18	Jan-18 to Jan-19	Jan-19 to Jan-20	Jan-20 to Jan-21	Jan-21 to Jan-22	Jan-22 to Jan-23	Jan-23 to Jan-24	Jan-24 to Jan-25	2023 to 2024	2022 to 2024
NASDAQ-100												
Net TR	4.0%	20.6%	36.9%	0.1%	31.2%	44.6%	16.1%	-18.4%	42.4%	26.0%	25.6%	9.4%
Index												
S&P 500 Net TR Index	-1.3%	19.3%	25.7%	-2.9%	21.0%	16.6%	22.8%	-8.7%	20.2%	-1.3%	24.5%	8.4%

Source: Invesco, Bloomberg, as of 31 January 2025. 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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