Nasdaq 100 Index – Commentary

September 2023

Accessing Innovation in the US

The downward move in equities that started in August continued through the month of September. From the recent peak on July 18th, the S&P 500 has dropped 5.55% while NDX has dropped 6.94%. September brought a "hawkish skip" from the Federal Open Market Committee (FOMC), persistent inflation, low unemployment, and higher interest rates.

One of the primary drivers of market action for the month was the FOMC meeting that occurred on September 20th. The decision to keep rates where they were from the prior meeting, the upper band of the Fed Funds rate set at 5.50%, was anticipated by investors. During the press conference following the meeting, Fed Chairman Jerome Powell also stated that there still could be the possibility of another rate hike in one of the two remaining meetings this year. The hawkish tone of the comments from Powel, combined with the shift up in the dot plot caused investors to view the decision to not raise rates at this meeting as a "hawkish skip."

The Fed continued to maintain their dual mandate of lowering inflation and maintaining a reasonable unemployment level. The most recent Consumer Price Index (CPI) reading was reported on the 13th and showed a year-over-year reading of 3.7%, higher than the 3.6% estimate. The Core CPI reading, showed a year-over-year reading of 4.3%, in line with expectations. Over half of the monthly increase was attributed to the rise of energy prices. Oil prices, as measured by Brent Crude and West Texas Intermediate (WTI) Crude Oil futures, rose around 10% for the month as Brent Crude rose to over $95 per barrel. The increase was also seen in other fuels such as gasoline.

Initial jobless claims, a reading showing how many new people filed for unemployment, continued to show strength in the job market. The September readings, which were released on a weekly basis, were all underneath 230k with the lowest reading of 201k coming in the last week of the month. Moreover, all four readings in September came in well below the median analyst estimates. With unemployment being one of the primary mandates of the FOMC, lower readings may be interpreted by the FOMC that there is still room to raise rates to combat inflation.

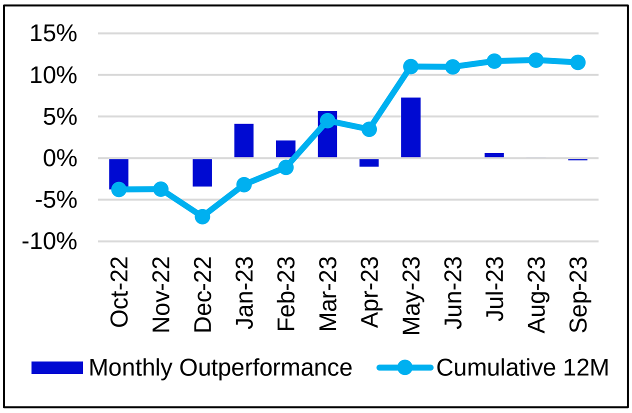
Index performance

	1 Month	YTD	1 Year	10 Years (CAGR)
NASDAQ-100	-5.0%	35.1%	35.0%	17.3%
S&P 500	-4.8%	12.7%	21.0%	11.3%
Relative	-0.2%	19.9%	11.5%	5.4%

Source: Bloomberg as of 30 September 2023. 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.

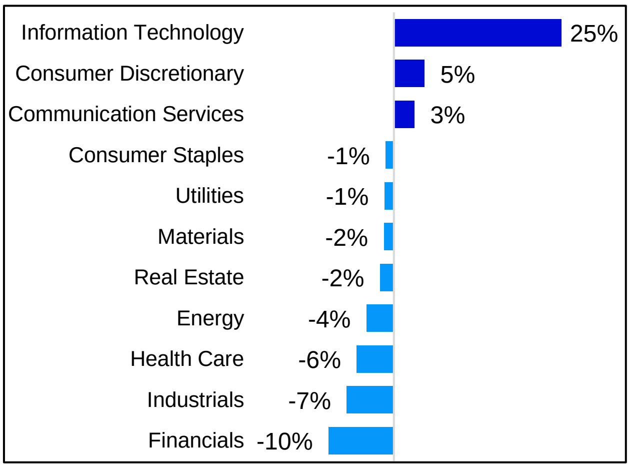
Monthly performance Nasdaq-100 vs. S&P 500



Source: Bloomberg as of 30 September 2023. An investment cannot be made directly into an index.

Past performance may or may not be sustained in future.
Disclaimer: The above returns are absolute returns for Benchmark Indices and the same are for the illustration purpose only. It 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.

Sector weightings Nasdaq-100 vs. S&P 500



Source: Invesco, FactSet, as of 30 September 2023. Data in USD

Disclaimer: The sectors referred above should not be construed as recommendations, advice to buy, sell or in any manner transact in the sector and neither should it be considered as Research Report from Invesco Asset Management (India) Private Limited and/or Invesco Mutual Fund.

Nasdaq 100 Performance Drivers

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

From a sector perspective, there were no sectors within NDX that had positive performance for the month. Utilities, Energy, and Industrials were the best performing sectors in the index and returned -1.41%, -1.47% and -2.92%, respectively. During the month, these three sectors had average weights of 1.24%, 0.69% and 4.85%, respectively. The bottom performing sectors in NDX were Real Estate, Technology and Basic Materials with average weights of 0.28%, 57.10% and 0.27%, respectively. Real Estate returned -6.22%, Technology returned -5.78% while Basic Materials returned -5.11%.

Despite being the best performing sector for the month, NDX's underperformance vs. the S&P 500 was largely driven by its underweight exposure in the Energy sector. The index's lack of exposure to Financials also detracted from relative performance. The NDX's overweight exposure in the Technology sector was the third largest detractor to relative performance vs. the S&P 500. The Industrials sector contributed the most to relative performance and was driven by its overweight exposure and differentiated holdings. Consumer Discretionary and Telecommunications also contributed to relative performance. Relative performance in Consumer Discretionary was driven by its differentiated holdings while Telecommunications was driven its overweight exposure and differentiated holdings.

September Attribution: Nasdaq 100 vs. 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
Energy	0.69	-4.05	-1.47	-0.01	-0.27	-0.02	-0.29
Financials	N/A	-9.80	N/A	N/A	-0.22	N/A	-0.22
Technology	57.10	25.34	-5.78	-3.28	-0.34	0.21	-0.13
Health Care	6.99	-5.68	-3.04	-0.21	-0.09	0.02	-0.07
Consumer Staples	4.25	-1.24	-4.47	-0.20	-0.01	-0.02	-0.03
Basic Materials	0.27	-1.52	-5.11	-0.01	--	--	--
Utilities	1.24	-1.48	-1.41	-0.02	0.01	0.05	0.05
Real Estate	0.28	-2.14	-6.22	-0.02	0.05	--	0.06
Telecommunications	5.44	3.04	-3.03	-0.17	0.02	0.05	0.08
Consumer Discretionary	18.91	4.75	-5.01	-0.97	-0.05	0.15	0.10
Industrials	4.85	-7.22	-2.92	-0.15	0.07	0.13	0.20
Total	**100.00**	**N/A**	**-5.02**	**-5.02**	**-0.82**	**0.57**	**-0.26**

Source: Invesco as of 30 September 2023. 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.

Disclaimer: The returns shown are absolute returns. The sectors referred above should not be construed as recommendations, advice to buy, sell or in any manner transact in the sector and neither should it be considered as Research Report from Invesco Asset Management (India) Private Limited and/or Invesco Mutual Fund.

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

Top Contributors (% of total net assets)		
Company	**Weight**	**1-month Return**
Meta Platforms	3.67%	1.46%
Costco Wholesale	2.08%	2.85%
T-Mobile US	1.40%	2.79%

Top Detractors (% of total net assets)		
Company	**Weight**	**1-month Return**
Apple	10.97%	-8.87%
Broadcom	2.97%	-9.50%
Nvidia	4.34%	-11.86%

Source: Bloomberg, as of 30 September 2023. Top and bottom performers for the month by relative performance. Holdings are subject to change and are not buy/sell recommendations.

Past performance may or may not be sustained in future.

Disclaimer: The returns shown are absolute returns. The stocks referred above should not be construed as recommendations, advice to buy, sell or in any manner transact in the stocks and neither should it be considered as Research Report from Invesco Asset Management (India) Private Limited and/or Invesco Mutual Fund.

Historical Performance

	Sep-13 to Sep-14	Sep-14 to Sep-15	Sep-15 to Sep-16	Sep-16 to Sep-17	Sep-17 to Sep-18	Sep-18 to Sep-19	Sep-19 to Sep-20	Sep-20 to Sep-21	Sep-21 to Sep-22	Sep-22 to Sep-23	2021 to 2022	2020 to 2022
NASDAQ-100 Net Total Return Index	27.0%	4.1%	17.7%	23.6%	28.5%	2.4%	48.3%	29.3%	-24.9%	35.0%	-32.6%	8.4%
S&P 500 Net Total Return Index	19.0%	-1.2%	14.7%	17.9%	17.2%	3.6%	14.5%	29.4%	-15.9%	21.0%	-18.5%	7.1%

Source: Invesco, Bloomberg, as of 30 September 2023. Data in USD. For 2021 to 2022, performance shown is from 01 January 2021 to 31 December 2022 and for 2020 to 2022, compounded annual growth rate (CAGR) performance shown is from 01 January 2020 to 31 December 2022. An investment cannot be made into an index.

Past performance may or may not be sustained in future.

Disclaimer: The above returns are absolute returns 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.