

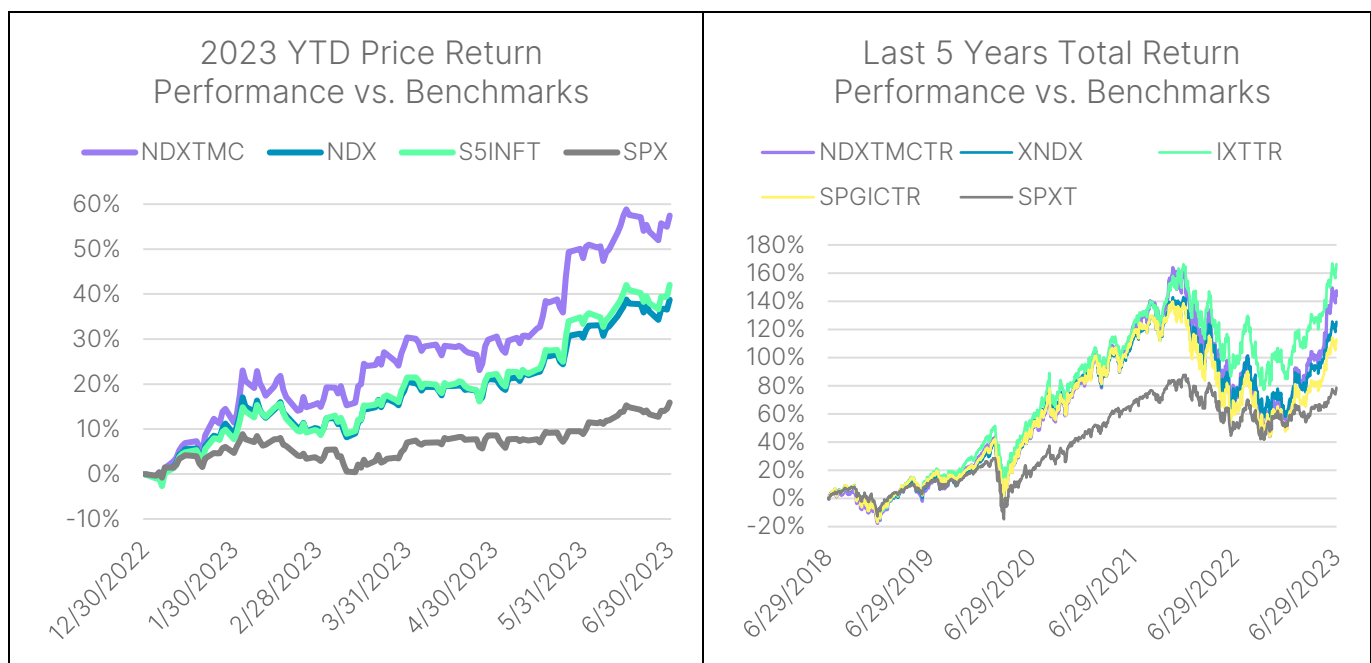
NDXTMC™ Index: Accessing the Pure Tech Sector Exposure of the Nasdaq-100®

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Many investors and market observers tend to think of the Nasdaq-100 (NDX®) as an index comprised of companies that mostly – if not exclusively – belong to the Technology sector. Depending on the sector classification system used, the exposure of the Nasdaq-100 Index® may vary, but typically does not exceed 50-60% of the total index weight. Using ICB Industry classifications, the Nasdaq-100's Tech exposure as of June 30, 2023, was 61.5%, among the highest readings seen in recent years. Owing to the emergence of artificial intelligence (AI) as a major new secular growth theme, the majority of the index's biggest holdings experienced a significant rebound in their market values in the first half of 2023, reversing most of the steep declines of 2022. Of the top seven biggest companies in the Nasdaq-100, five belong to the Technology sector: Apple, Microsoft, Alphabet, NVIDIA, and Meta Platforms; the other two – Amazon and Tesla – fall within Consumer Discretionary. Over the past decade including this year, the biggest names in the Nasdaq-100 – along with the rest of its holdings in the Technology sector – disproportionately drove most of the index's returns. The Nasdaq-100 Technology Sector Market-Cap Weighted™ Index (NDXTMC) offers investors the option of tracking only those constituents that are considered pure Technology companies (per the Industry Classification Benchmark (ICB), the sector classification system of FTSE Russell) and, as a result, provides a concentrated approach to investing in the innovation-driven growth of the Nasdaq-100.

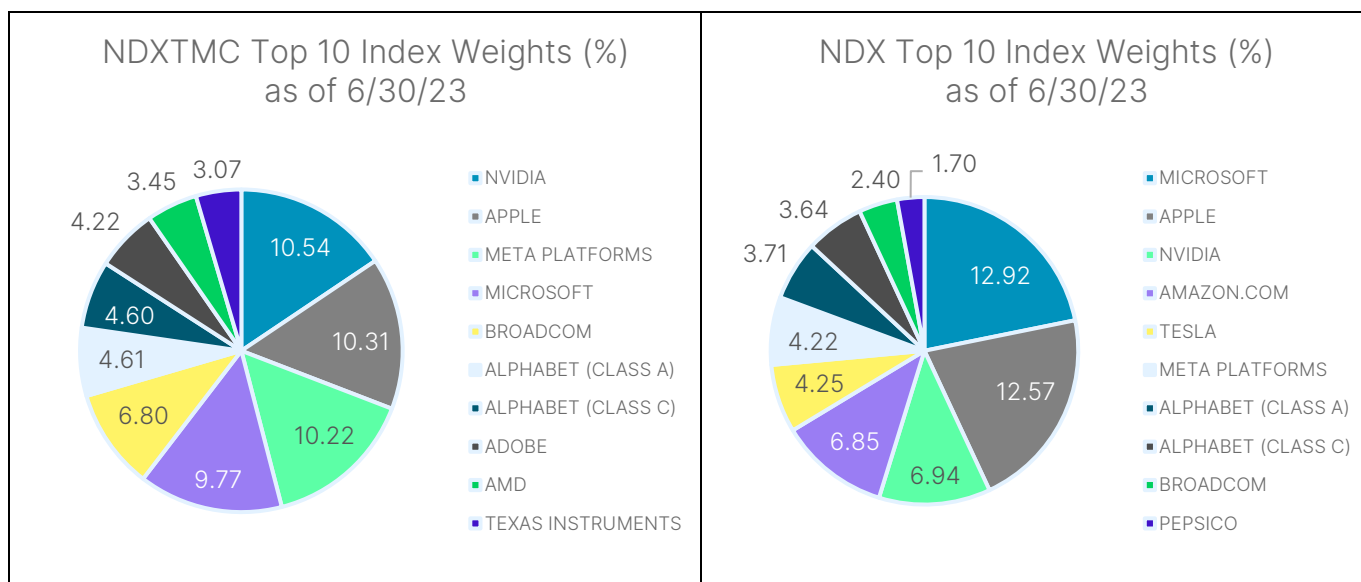
NDXTMC Performance vs. Benchmarks

In the first half of 2023, NDXTMC meaningfully outperformed the Nasdaq-100, up 57.5% vs. 38.8% on a price-return basis. It also meaningfully outperformed the S&P 500 Information Technology Sector Index (S5INFT), which was up 42.1%. In contrast, the S&P 500 (SPX) was up only 15.9%.



On a trailing five-year basis, NDXTMC has also outperformed the Nasdaq-100, up 147.4% on a total-return basis vs. 125.5% for XNDX. Over this period, SPXT was up only 78.7%, while the S&P Technology Select Sector Total Return Index (IXTTR) was up 166.4% – almost matching the total returns of S5INFT. Another index from S&P tracking the sector – the S&P North American Technology Sector Index (SPGICTR) – was up only 112.9% on a total-return basis.

It's important to note that S&P's indexes follow the Global Industry Classification Standard (GICS), which splits out Communication Services companies – including Alphabet and Meta Platforms – from Information Technology. Thus, an investor seeking to gain exposure to these two companies via ETFs would need to allocate to two separate products tracking S&P Information Technology and S&P Communication Services indexes, whereas NDXTMC-tracking investors can accomplish the goal via a single index. As of June 30, 2023, Alphabet and Meta Platforms represented 19.43% of NDXTMC index weight, and 11.57% of NDX index weight.



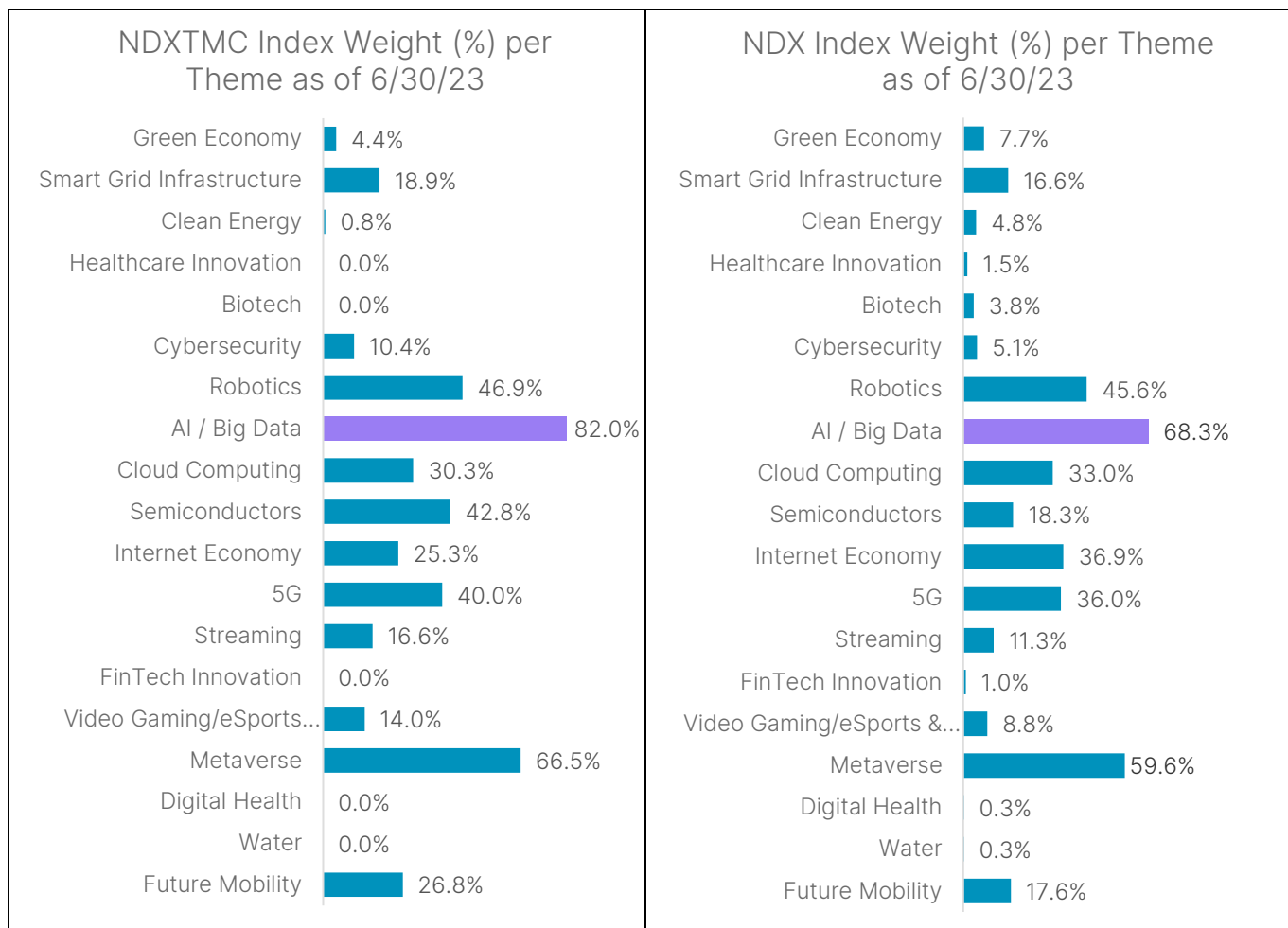
Technology Driving Nasdaq-100 Returns – Today vs. Historically

In the first half of 2023, the average weight of the Technology sector (per ICB) in the Nasdaq-100 was 58.6%, while contributing 76.2% of the index's performance. On a trailing five-year basis, its average weighting was 55.0% vs. 69.4% of the index's performance. And on a trailing 10-year basis, its average weighting was 52.9% vs. 64.8% of the performance. Thus not only has Tech's representation in the Nasdaq-100 grown on a weighted basis, but its relative contribution to performance has steadily increased as well. With the rise of artificial intelligence (AI) as a major new secular growth driver, the Nasdaq-100 companies that make it into NDXTMC are unsurprisingly major beneficiaries. Whether it's developing the hardware needed to perform intensive computations to train and run AI models (e.g., NVIDIA, Broadcom, AMD), providing the cloud infrastructure platforms to do the same (e.g., Microsoft Azure, Google Cloud), or developing/investing in the leading generative AI interfaces (e.g. Google Bard, Microsoft ChatGPT), the leaders in the theme are all represented in NDXTMC and well-positioned to benefit from multiple new growth opportunities. Meanwhile, Meta Platforms is also making major investments into AI software and datacenters, Adobe is integrating generative AI into its software offerings, and Apple is poised to benefit in multiple ways as well, given its ability to integrate AI across its smartphones, PCs, tablets, and other devices like AirPods, Apple Watch and Vision Pro – while also developing its own custom chips to execute machine learning/AI functions.¹

¹ <https://techcrunch.com/2023/06/15/the-week-in-ai-apple-makes-machine-learning-moves/>

AI & Other Thematic Exposures

Using Nasdaq’s own suite of thematic indexes that track individual investment themes such as AI, Big Data, and Robotics, one can clearly see the importance of AI relative to all other themes tracked, for both the Nasdaq-100 and NDXTMC. AI / Big Data is the single biggest thematic exposure for both indexes, with the Nasdaq-100 registering a substantial 68.3% exposure. NDXTMC’s AI exposure is even more concentrated with 82% of index weight tied to companies that are tracked by one or more of Nasdaq’s AI-thematic indexes – either the Nasdaq CTA Artificial Intelligence™ Index (NQINTEL™) or the Nasdaq Global AI & Big Data™ Index (NYGBIG™).



Summary

Nasdaq-100 companies have been at the forefront of innovation in both the Technology sector – and others including Health Care and Consumer – for decades. The Nasdaq-100 Technology Sector Market-Cap Weighted Index (NDXTMC) offers investors a concentrated approach to tracking many of the most recognizable leaders in innovation-driven growth, by selecting only those companies classified within the Technology industry as per ICB. As of June 30, 2023, the index tracked 38 such companies, including leaders in the biggest new secular growth theme of AI such as NVIDIA, Microsoft, Alphabet, Meta Platforms, Apple, Adobe, AMD, and Broadcom.

ETFs currently tracking the NDXTMC index include the Invesco Great Wall Nasdaq-100 Technology Sector Market-Cap Weighted ETF (China: 159509).

Sources: Nasdaq Global Indexes, FactSet, Bloomberg.

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