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BMO Global Asset Management

NASDAQ – Investing in the Modern Economy

Erin Allen

Vice President
BMO ETFs

Sa'ad Rana

Associate of Sales
BMO ETFs

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ETF
MARKET **INSIGHTS**



TODAY'S SPEAKERS



Erin Allen
VP, BMO ETFs



Sa'ad Rana
Senior Associate, BMO ETFs

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Table 1 - ETF Flows by Category - YTD Sept 2022						
	AUM (\$M)	Mkt Shr (%)	Sept 2022		YTD Sept 2022	
			Flow \$M	Flow/AUM	Flow \$M	Flow/AUM
Equity	\$180,528		-\$436	-0.2%	\$9,552	4.2%
Canada	\$69,371	24%	-\$837	-1.1%	\$3,163	4.0%
United States	\$62,053	21%	\$506	0.8%	\$2,938	3.6%
International	\$49,104	17%	-\$105	-0.2%	\$3,451	5.3%
Fixed Income	\$87,188	30%	\$2,327	2.7%	\$9,064	9.4%
Commodities	\$1,461	1%	-\$15	-1.0%	-\$312	-16.3%
Multi-Asset	\$15,147	5%	-\$36	-0.2%	\$1,761	11.2%
Inverse / Levered	\$2,482	1%	\$98	4.0%	\$1,146	65.1%
Crypto-Asset	\$2,070	1%	-\$81	-3.6%	-\$22	-0.4%
Total	\$288,876	100%	\$1,856	0.6%	\$21,188	6.1%

*Equity Flows include option strategies;
Source: National Bank of Canada, Bloomberg

ONE MINUTE UPDATE

NASDAQ 100 INTRO

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THIS WEEK'S TOPIC

NASDAQ - INVESTING IN THE MODERN ECONOMY



Erin Allen
VP, BMO ETFs



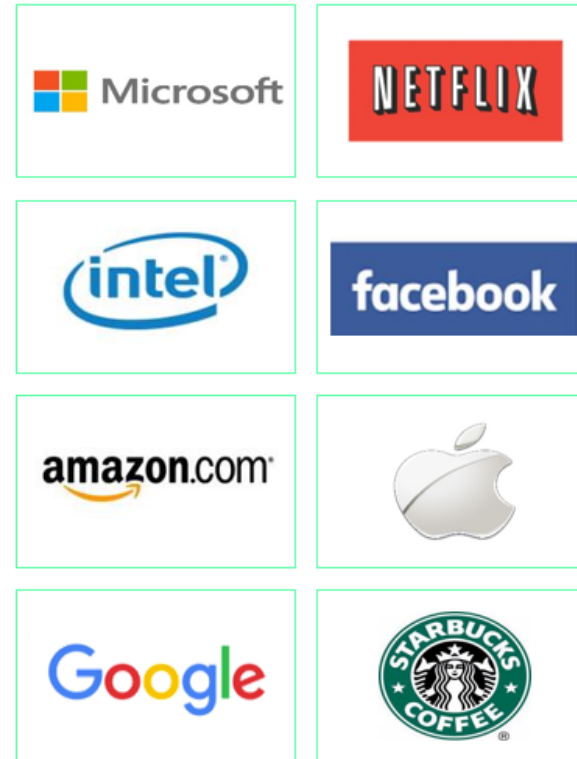
Sa'ad Rana
Associate, BMO ETFs

Nasdaq-100 Index: Overview

The disruptors; the game-changers; the forward-thinkers.

Companies that influence our lives daily, in multiple areas.

- GE, Chicago Gas Company, American Sugar Company, and the other original Dow Industrials accelerated the growth of the US economy at the turn of the 20th century, and helped spur its transformation from agricultural to industrial.
- By mid-century, GE was still one of the nation's 10 largest companies by market cap, joined by the automakers (GM/Ford/Chrysler), Big Oil (Exxon Mobil, Texaco, Gulf Oil), and other large, diversified industrial companies like DuPont.
- At the turn of the 21st century, the Internet/Tech Bubble heralded the transformation of the economy from industrial to technological; from analog to digital; from hardware to software.
- Today, Apple, Amazon, Google, Facebook and Microsoft have become global leaders in the technology sector by creating products and services that are essential to both individual consumers and enterprise customers. From software, computing, and communications, to entertainment, advertising, and e-commerce, their platforms represent the new "diversified industrials" of the 21st century.
- Beyond the biggest names, companies like Intel and Netflix specialize in narrower applications of technology, while the rest of the Nasdaq-100 encompasses innovation-driven companies in other sectors, like Starbucks.



Source: NASDAQ

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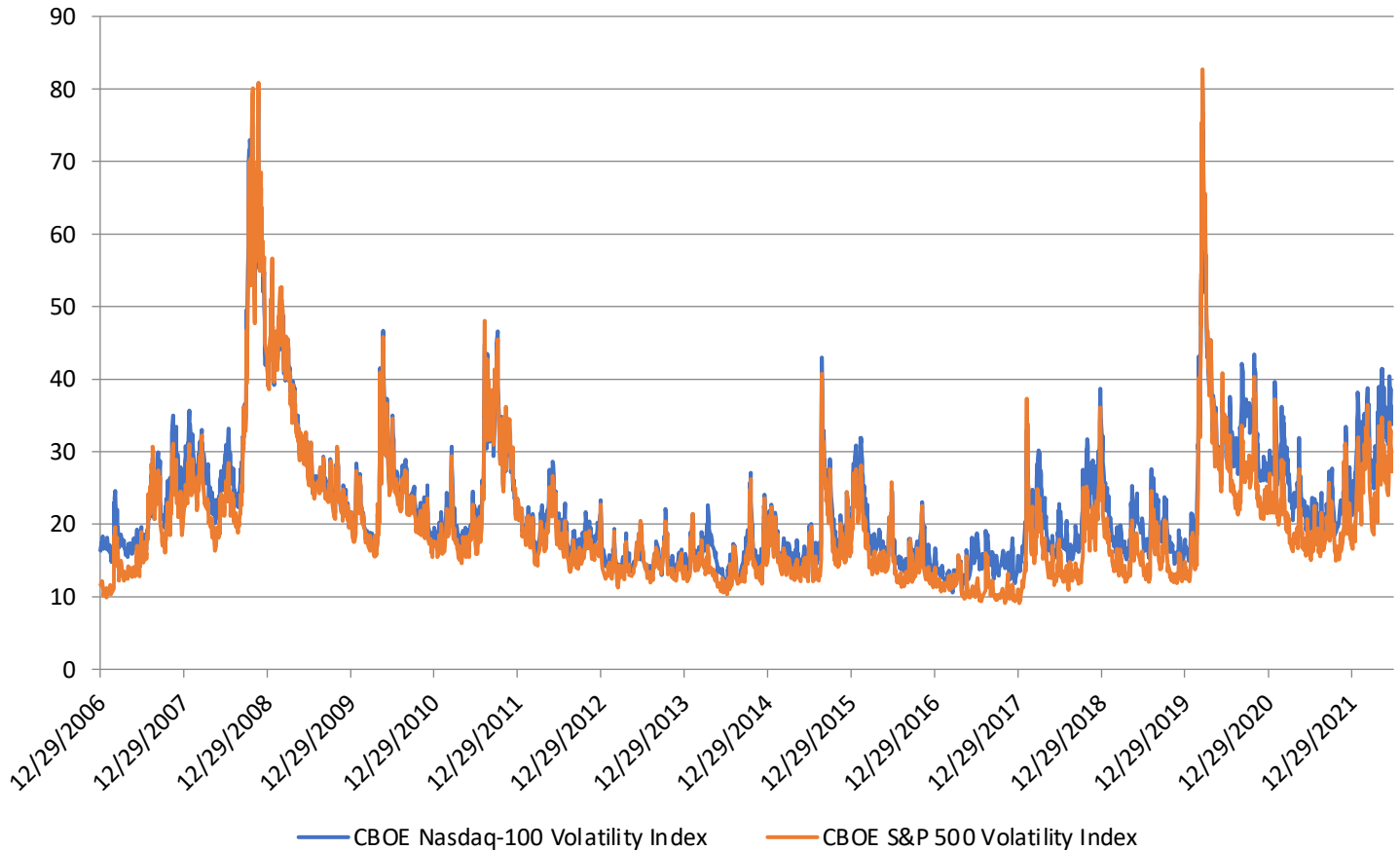
Erin Allen
VP, BMO ETFs



Sa'ad Rana
Associate, BMO ETFs

Historical Volatility

Both the Nasdaq-100 and the S&P 500 have had very similar volatility over last 15+ years



Source: Nasdaq, Bloomberg. Data as of 06/30/2022.

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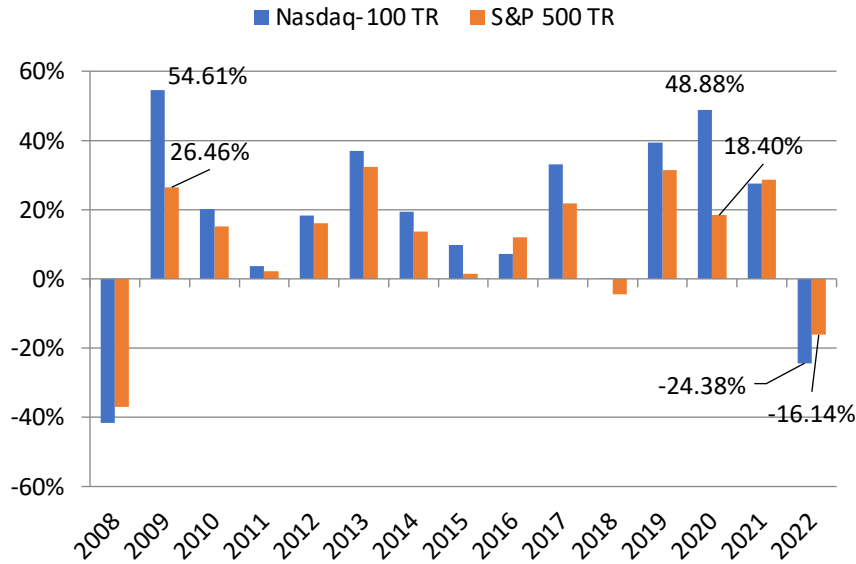
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VP, BMO ETFs



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Associate, BMO ETFs

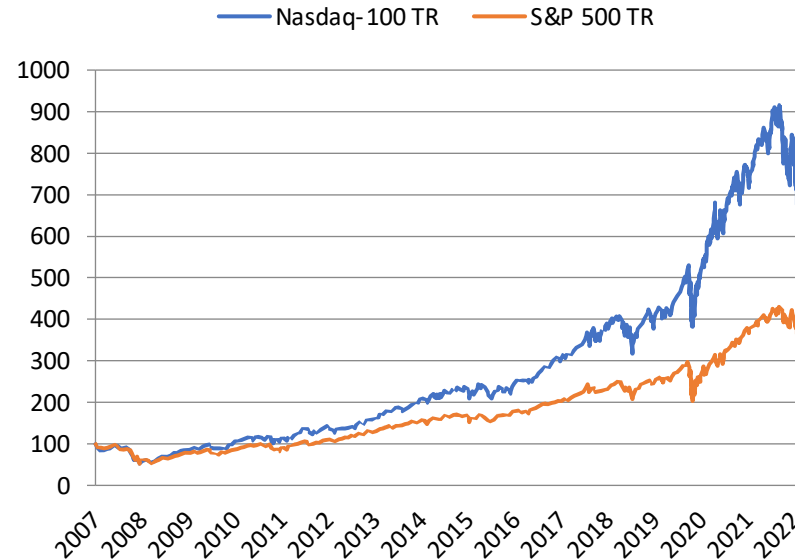
Nasdaq-100 Index: Performance vs. S&P 500

INDEX ANNUAL TOTAL RETURNS



- NDX has outperformed SPX in 11 of the past 14 calendar years, including by more than 30% in 2020; price underperformance in 2021 was 0.26%

INDEX PERFORMANCE SINCE DECEMBER 31, 2007



- Cumulative total returns through Aug 31, 2022 were 583% for NDX – more than doubling the returns of 263% for SPX.

Source: Nasdaq, Bloomberg. Data as of 8/31/2022

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FATMANG 2Q'22 Earnings Highlights

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CONSUMER TECH

Big Tech Earnings: Microsoft And Alphabet Signal Q2 Could Be A Bottom

Beth Kindig Contributor 
 Free stock tips and stock research newsletter at <https://io-fund.com>

Jul 29, 2022, 11:24am EDT

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Big Tech earnings were off to a solid start on Tuesday when Microsoft and Google reported stable revenue growth and margins that are unchanged from recent macro conditions. The strong margins were especially welcomed as many companies have been missing on operating margins and cash flow. Meanwhile, Microsoft delivered free cash flow of \$17.8 billion and net profits of \$16.7 billion along with upbeat guidance for the year. Similarly, Google reported strong free cash flow of \$12.6 billion and net profits of \$16 billion in the recent quarter.

Amazon stock surges toward biggest monthly gain in 15 years

Published: July 29, 2022 at 11:01 a.m. ET

By Tomi Kilgore

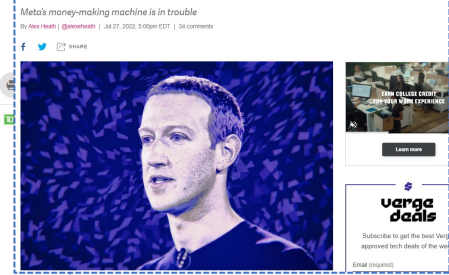


Referenced Symbols


AMZN +11.10% ▲ SPX +0.95% ▲


Shares of Amazon.com Inc. **AMZN**, +11.10% shot up 11.8% in morning trading Friday, in the wake of second-quarter results, to put them on for the best one-month gain in more than 15 years. The stock has run up 28.8% in July, to snap a three-month losing streak in which it tumbled 34.8%, amid growing concerns over the effect historically high inflation and a slowing economy would have on the ecommerce giant's customers. But Amazon assuaged some of those fears, after it reported late Thursday a surprise loss for the quarter but revenue that rose above expectations, with Chief Financial Officer Brian Olsavsky saying there was a "step up in consumer demand," according to a FactSet transcript of the post-earnings conference call with clients. The stock was headed for the biggest one-month gain since it rocketed 54.1% in April 2007. Meanwhile, the S&P 500 SPX, +0.95% has gained 8.5% in July, on track for the biggest monthly gain since it climbed 10.8% in November 2020.


Facebook reports drop in revenue for the first time



Autos Earnings Report: Tesla Earnings Were Strong, But the Real Story Is Margins.

By Al Root  Updated July 21, 2022 / Original July 20, 2022

Text size: 

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Tesla stock was on the rise after reporting solid earnings, considering the difficult operating environment in the quarter.

Tesla (ticker: TSLA) shares rose almost 10% Thursday, closing above \$800 for the first time since May. It was the best post-earnings reaction since the fourth quarter 2019 results were reported in early 2020.

Apple beats on revenue and profit, expects growth to accelerate despite 'pockets of softness'

PUBLISHED THU, JUL 28 2022-3:30 PM EDT | UPDATED THU, JUL 28 2022-8:19 PM EDT

Kif Leswing  @KIFLESWING

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KEY POINTS

- Apple reported fiscal third-quarter earnings on Thursday that beat Wall Street expectations for sales and profit but showed slowing growth for the iPhone maker.

 **Fast Money Halftime Repo**
 UP NEXT: The Exchange

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 Source: Nasdaq Global Indexes, Bloomberg. Data as of 7/28/2022.

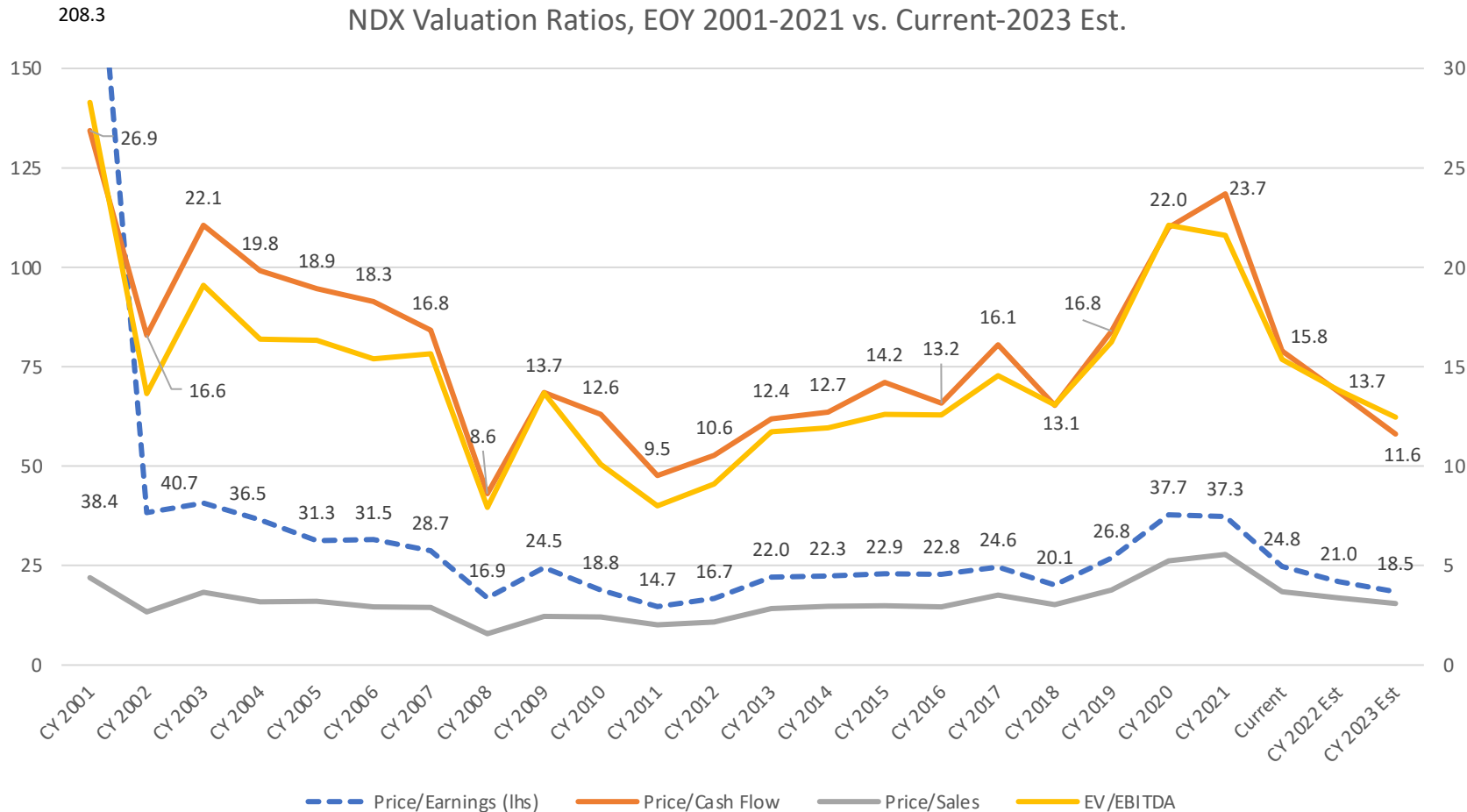


Erin Allen
 VP, BMO ETFs



Sa'ad Rana
 Associate, BMO ETFs

Nasdaq-100 Index: **Valuations vs. Long-Run History**



Source: Nasdaq, FactSet, Bloomberg. Data as of 5/20/2022.

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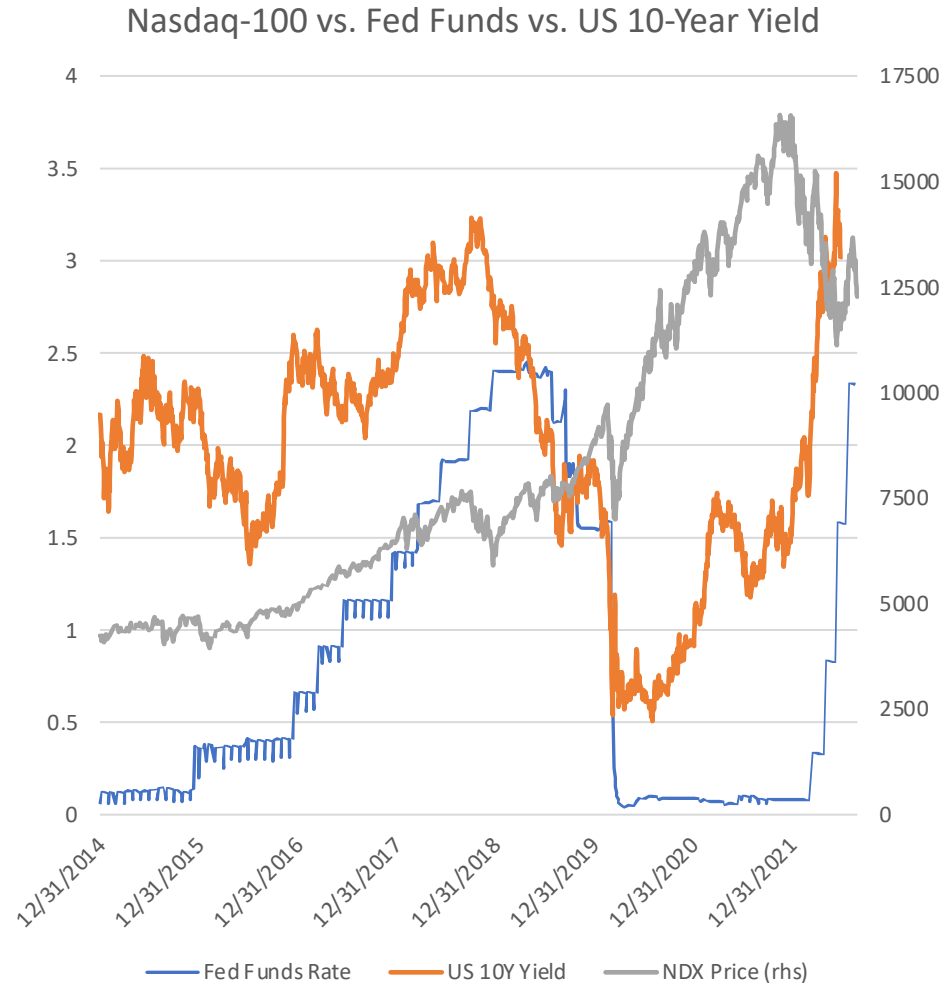
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VP, BMO ETFs



Sa'ad Rana
Associate, BMO ETFs

Performance vs. **Interest Rates**

- The last Fed rate hiking cycle began in December 2015, and consisted of 9 hikes of 25 bps each (total = 225 bps)
- The Nasdaq-100 dropped 23% during Q4 of 2018, until the Fed began telegraphing a pause in hikes
- In 2022, the Fed has already raised rates by 225 bps, and is expected to hike by increments of 50-75 bps until inflation cools
- US 10-year Treasury yield suggests rates peaking around 3% to 3.5%



Source: Nasdaq, FactSet, Bloomberg. Data as of 8/31/2022.

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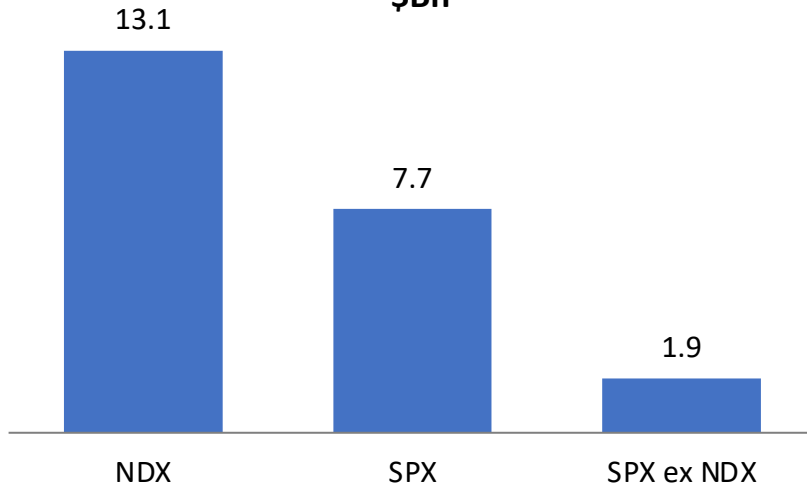


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Associate, BMO ETFs

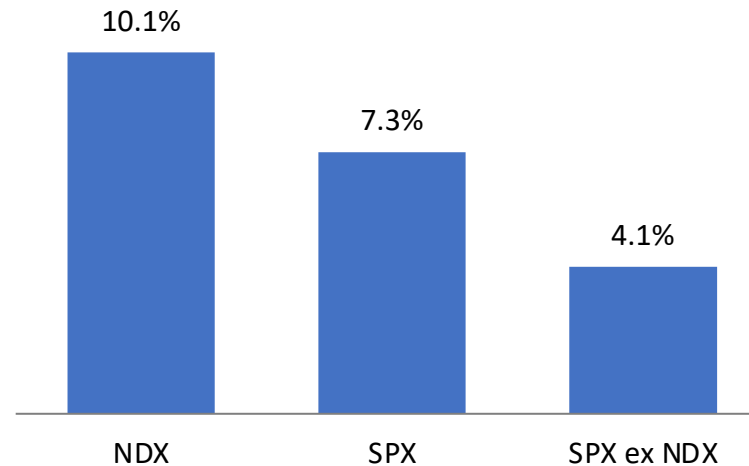
Research and Development **Powerhouse**

- R&D is a key driver of innovation and economic growth
- Companies in the Nasdaq-100 spend nearly twice as much in R&D, on average, compared to those in the S&P 500; 77 of the Nasdaq-100 are currently part of the S&P 500
- Calculating R&D as a percent of sales in the last 12 months, Nasdaq-100 companies averaged 38% higher than S&P 500

Weighted Average Annual R&D Expense, \$Bn



Weighted Average R&D as % Sales



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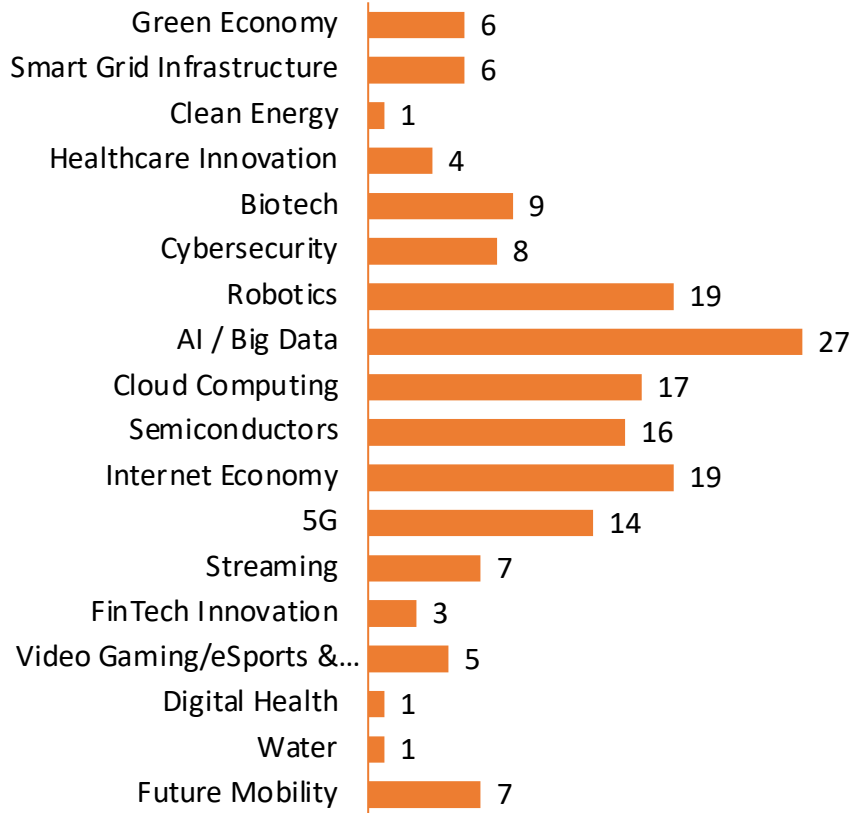
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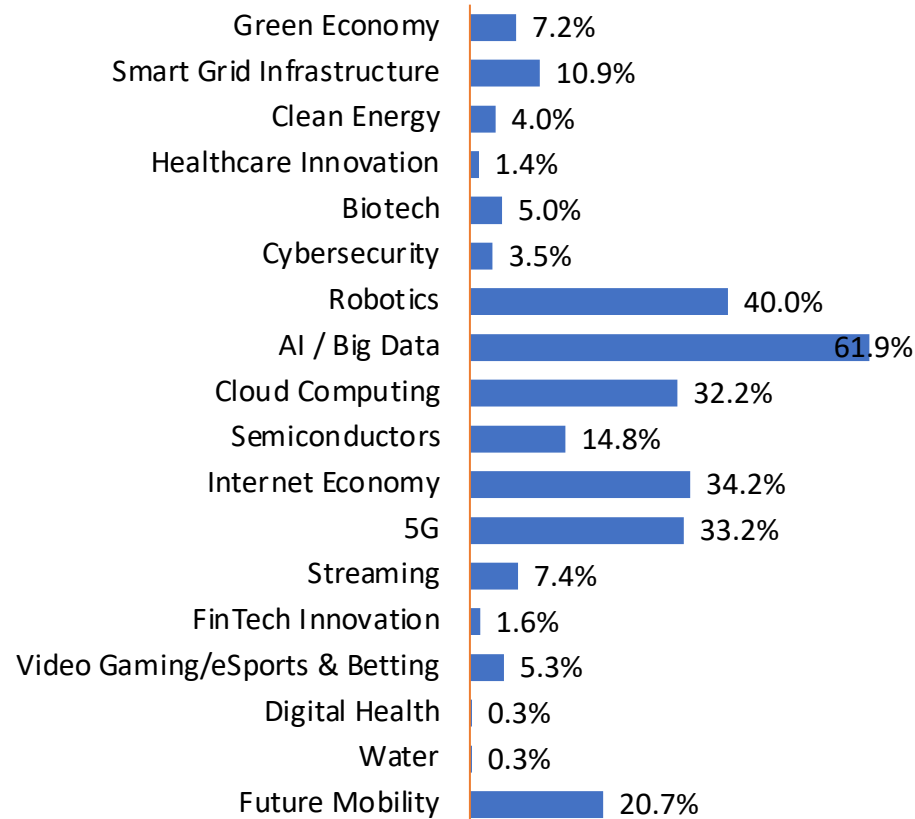
Sa'ad Rana
Associate, BMO ETFs

Nasdaq 100 by Thematic Exposures

of Constituents per Theme



Index Weight per Theme



Source: Nasdaq, FactSet. Data as of 6/30/2022.

Based on overlap with existing Nasdaq Thematic Indexes, except for 5G, Streaming, and Video Gaming/eSports & Betting where competitor products were analyzed.

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