

Investments - Flash

M. Alain Freymond - Partner & CIO

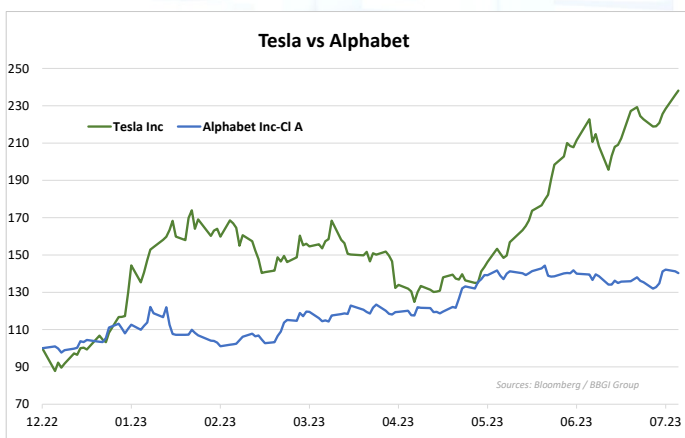
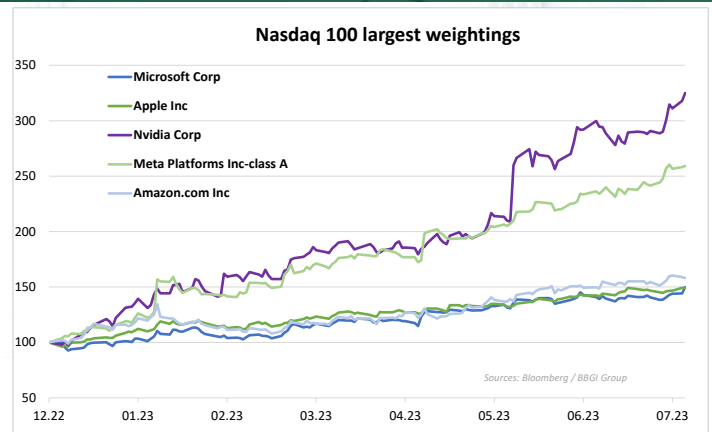
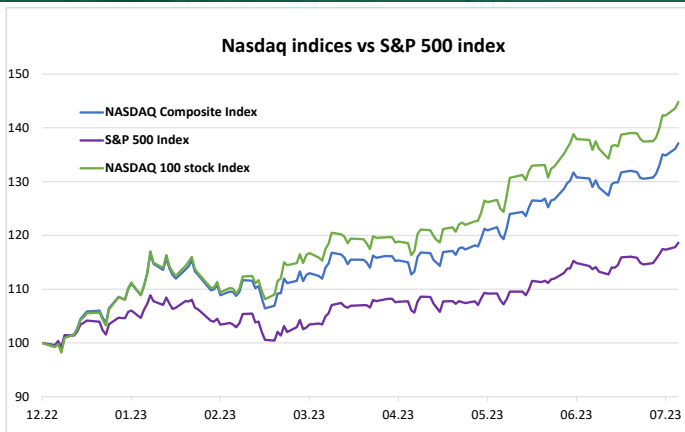


MAJOR OVERHAUL OF NASDAQ WEIGHTINGS

Overweight securities other than FANG+.

U.S. equities benefited above all from the renewed interest in the Nasdaq's blue-chip stocks, and the recent enthusiasm for Artificial Intelligence. While the FANG+ index jumped by +81%, the S&P500 recorded a much lower rise of +18.5%. The Nasdaq Equal Weights index did barely better, posting an overall gain of +25.4%, underlining the 55% performance gap with the main index, the impact of the 6 main stocks. The rise has been so massive that the Nasdaq 100 index is now extremely concentrated on a few stocks, which is a potential problem for the diversification principles of index-based funds. The overall weighting of the 6 leading stocks in the index, namely Microsoft, Apple, Alphabet, Nvidia, Amazon and Tesla is now over 50% of the overall index. Morningstar estimates that \$280 billion

worth of index funds will have to adjust their weightings to the new index data at the close on July 24. Early indications suggest that close to \$100 billion will flow out of these 6 stocks and be reinvested in the 94 other stocks in the index. The weighting of these stocks in the S&P500 index is not in question at present, and they still represent around 25% of the index. That said, this consideration of risk structuring within supposedly diversified portfolios should, in our view, broaden and spread, leading to a new trend towards of rediscovering the potential merits of other companies with equally seductive prospects and attractive valuations. Overweight therefore U.S. securities other than FANG +!



Company	Ticker	Weight	Market cap, in trillions (as of July 7)
Microsoft	MSFT	12.9%	\$2.51
Apple	AAPL	12.5%	\$2.99
Nvidia	NVDA	7.0%	\$1.05
Amazon	AMZN	6.9%	\$1.33
Tesla	TSLA	4.5%	\$0.87
Meta Platforms	META	4.3%	\$0.75
Alphabet	GOOGL	3.7%	\$1.52
Alphabet	GOOG	3.7%	

The five-largest companies have a combined weight of **46.7%**, but from July 21th, 2023 this weight will drop to **38.5% (-18%)**.

Important information: This document is confidential and intended exclusively for its recipient and may not be transmitted or reproduced, even partially, without the express written consent of BBGI Group. It is provided for information purposes only and does not constitute an offer or solicitation to buy, sell or subscribe. BBGI Group cannot be held responsible for any decisions taken on the basis of the information provided. The figures are based on quantitative and judgmental analysis. The client remains fully responsible for the management decisions made in relation to this document. We endeavour to use information that is deemed reliable and cannot be held responsible for its accuracy and completeness. The opinions and all information provided are subject to change without notice. The data mentioned is indicative only and is subject to change without notice in the light of changing market conditions. Past performance and simulations are not indicative of future results.