VM Wealth Management Research
ETF Investment Recommendation

QQQ — Invesco QQQ Trust

OVERWEIGHT

PRICE	EXPENSE RATIO	AUM	BENCHMARK	INCEPTION	CATEGORY
$735.49	**0.18%**	**$500.9B**	**Nasdaq-100 Index**	**3/1999**	**Equity — Large-Cap Growth**

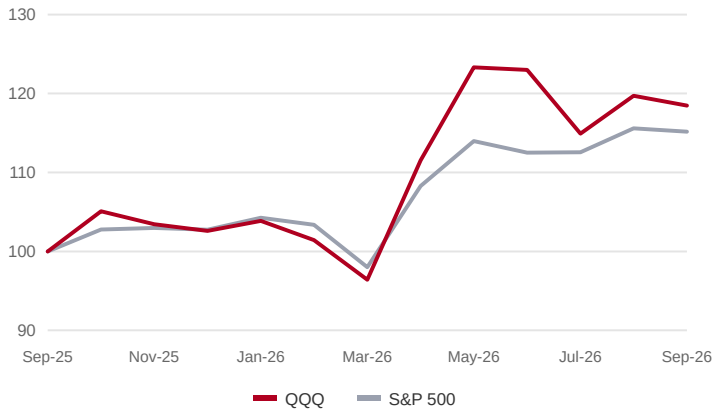
INVESTMENT THESIS

QQQ offers low-cost, liquid exposure to the 100 largest non-financial companies on the Nasdaq, a basket dominated by the mega-cap technology and AI-infrastructure names driving the current capex supercycle (Nvidia, Microsoft, Amazon, Meta). Sustained hyperscaler spending on AI compute, a re-accelerating semiconductor upcycle led by Micron and AMD, and structurally higher earnings growth than the broader index have driven QQQ's outperformance versus the S&P 500 across every trailing period shown below. We recommend an overweight allocation as a tactical growth tilt within diversified equity portfolios, though position sizing should account for the fund's premium valuation, its 61% weight in Technology, and concentration in a small number of mega-cap holdings.

PERFORMANCE & PORTFOLIO COMPOSITION

Returns	YTD	1 YR	3 YR	5 YR
QQQ	21.6%	26.0%	28.2%	15.5%
S&P 500	14.0%	18.5%	22.8%	13.2%
+/- S&P	+7.6%	+7.5%	+5.4%	+2.3%

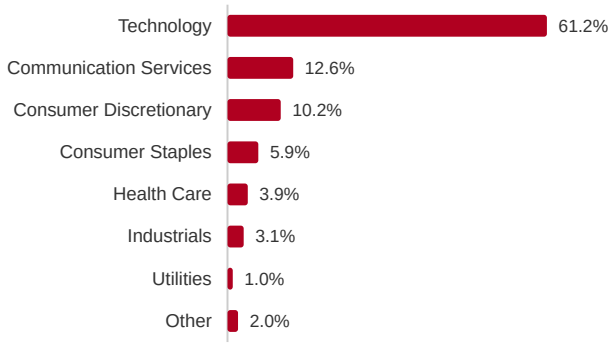
QQQ vs S&P 500 12-Month Performance



Returns as of 9/25/2026 (3Yr/5Yr annualized, price return); holdings & sector weights per Invesco fund data and index constituent data, as of 9/26/2026. Consensus 12M analyst price-target return per S&P Global consensus estimates, Sep 2026; top 10 weighted-avg = +20.2%. Top 10 holdings = 46.9% of fund; 104 total holdings.

Top Holdings	Weight %	Cons. 12M Price Target
Nvidia Corp.	8.17%	**+41.76%**
Apple Inc.	7.40%	**−4.00%**
Microsoft Corp.	5.58%	**+13.14%**
Micron Technology Inc.	5.09%	**+43.91%**
Advanced Micro Devices Inc.	4.28%	**+2.87%**
Amazon.com Inc.	4.06%	**+33.46%**
Meta Platforms Inc.	3.49%	**+5.27%**
Alphabet Inc. (Cl. A)	3.03%	**+26.12%**
Tesla Inc.	3.00%	**+6.67%**
Alphabet Inc. (Cl. C)	2.83%	**+26.12%**

Sector Weights (% of Fund)



Cons. 12M reflects sell-side analyst price targets on the underlying stock, not a forecast by VM Wealth Management or a guarantee of future performance. Targets are frequently revised and can differ materially from actual results.

KEY RISKS

- Concentration: top 5 holdings represent ~31% of the fund; Nvidia, Apple and Microsoft supply-chain and AI-capex execution carry outsized influence on returns
- Valuation: the fund trades at a premium multiple to the broader market after a 26% one-year advance, leaving less cushion for any earnings disappointment among its largest names
- Rate Sensitivity: the fund's long-duration growth profile makes it more sensitive than the broader market to a rise in long-term interest rates or a slower pace of Fed rate cuts
- Sector Concentration: ~61% weight in Technology with negligible exposure to Financials, Energy or Utilities leaves QQQ more volatile than a broad-market index during sector rotations

CATALYST DRIVERS (3–12 MO.)

- Continued hyperscaler AI-infrastructure capex (Microsoft, Amazon, Meta, Alphabet) sustaining demand for Nvidia, Micron and other compute/memory suppliers
- Q3/Q4 2026 mega-cap earnings testing whether AI-driven revenue growth justifies current valuations across the fund's largest holdings
- Potential Federal Reserve rate cuts reducing the discount rate applied to long-duration growth cash flows
- Resilient cloud, enterprise-software and consumer spending supporting Amazon, Apple and the fund's communication-services holdings

Important Disclosures

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DEFINITIONS

- **OVERWEIGHT** - Security is deemed to be undervalued and is expected to outperform compared to the average market return and/or return of comparable securities in the same sector or industry.
- **MARKETWEIGHT** – Security is expected to provide similar returns compared to the market in general or at the same pace as comparable companies; neither strongly positive nor negative.
- **UNDERWEIGHT** – Security is deemed to be overvalued and is expected to underperform compared to the average market return and/or return of comparable securities in the same sector or industry.
- **ZEROWEIGHT** – This security is substantially distressed or at risk of a shock which may significantly impair its value.