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<https://www.btcc.com/en-US/academy/financial-investment/nasdaq-100-rebalance-2023-everything-you-need-to-know>

### Nasdaq 100 Rebalance 2023: Everything You Need to Know

**Nasdaq 100 is doing a “special rebalance” in 2023 to address over-concentration of the index and redistribute weighting across the index.**

The Nasdaq 100 index tracks the 100 largest non-financial stocks on the Nasdaq stock exchange. The index is comprised mainly of technology stocks, but a few other sectors are represented. So far this year, the Nasdaq 100 has soared more than 42%, far outpacing the 17% gain of the S&P 500, the stock market’s typical benchmark.

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However, this rally has presented a bit of an issue, causing Nasdaq exchange to announce it would implement a “Special Rebalance” to the Nasdaq 100 index.

- S&P 500 (^SPX) Level % Change
- Nasdaq-100 (^NDX) Level % Change
- Nasdaq Composite (^IXIC) Level % Change



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## Why is Nasdaq 100 Rebalancing in 2023?

When you invest in a fund, your money is divided between the companies based on the fund's construction methodology. The two most common are market-cap-weighted and equal-weighted. Equal-weighted funds split your money equally among the stocks they hold. Investing \$1,000 in a fund with 100 companies effectively means investing \$10 into each one.

The Nasdaq-100 is market-cap weighted, meaning the money you invest is divided based on the market cap of the companies within. The larger the company, the more of your investment it receives. Investing \$1,000 in a fund with 100 companies could mean the largest company receives 5%, and the smallest receives a fraction of a percent, for example.

Generally, there's nothing wrong with market-cap-weighted indexes. But in the Nasdaq-100's case, the large gains for the top handful of companies recently have made the index far more top-heavy and unbalanced than preferred. Just the top five companies currently account for more than 43% of the index:

- **Microsoft:** 12.67%
- **Apple:** 12.04%
- **Nvidia:** 7.36%
- **Amazon:** 6.88%
- **Meta Platforms:** 4.49%

Add in Tesla and Alphabet, and the situation gets even worse with those seven companies accounting for over 55% of the index. According to the Nasdaq-100's methodology, this concentration warrants a rebalance, and this will actually be the index's third special rebalance, mimicking similar moves made in 1998 and 2011. Companies that could see a boost in their concentration include:

- **Starbucks**
- **Mondelez International**
- **Booking Holdings**
- **Gilead Sciences**
- **Intuitive Surgical**
- **Analog Devices**
- **Automatic Data Processing**

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## How Will Nasdaq 100 Rebalance Impact Investors?

Many investors invest in the Nasdaq-100. The Invesco QQQ ETF (NASDAQ: QQQ), which mirrors the index, is the second-most traded ETF on the U.S. stock exchange. That means the special rebalance for Nasdaq 100 will impact a lot of investors.

But looking beyond the near-term volatility the rebalance will generate for the stocks that see their weighting adjusted, investors should also reevaluate their portfolio composition to see where it stands. Decreasing the weight of top tech stocks, for example, could noticeably lower how much of your portfolio is in the tech sector, which could be good if your portfolio is too concentrated. With the S&P 500 also being market-cap weighted (Apple and Microsoft make up over 14% of it), it's sometimes easy for the portfolios of investors in both indexes to become too concentrated without them realizing.

Increasing the weight of companies like Starbucks and Mondelez International will increase your exposure to the consumer-discretionary sector, so ensuring the composition of your portfolio still fits your financial goals and risk tolerance is important.

Most major brokerages will allow you to see your portfolio's composition with a simple visual chart that breaks it down by sector.

## How Should Investors Prepare for the Nasdaq 100 Special Rebalance?

### The importance of diversification

"Don't put all of your eggs in one basket" is wisdom as old as time, and it's no different in investing. If you could pick a few investing rules to follow and ignore the rest, having a diversified portfolio should be one of them. It all comes down to risk management.

The stock market is unpredictable and volatile, and many factors - including politics, geographic location, economic conditions, and changing trends - influence how companies' stocks perform. In other words: You just never know what surprises might get thrown your way. Spreading your investments across different sectors, for example, can help protect your portfolio against unfavorable sector-specific disruptions that could potentially drag that part of the economy down.

For example, low interest rates from the Federal Reserve could lower banks' profitability. High inflation affects how much people spend on discretionary items. And policies around healthcare could directly impact pharmaceutical companies. Conversely, you can find stocks that flourish under those same conditions. Diversification ensures you have the balance to prevent outsized losses in

any one sector (and that concept also applies to seeking out companies of different sizes and geographic footprints).

Don't lose sight of diversification by chasing trends (such as over-accumulating tech stocks because of AI hype). Diversification won't protect you from losses entirely, but it will put your portfolio in a much better position to produce good long-term returns.

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## How to Invest in the Nasdaq 100?

Investors can choose BTCC exchange to trade Nasdaq (TECH 100) easily. The exchange has witnessed a large trading volume of TECH 100 and is available in U.S., Canada and many other countries in Europe.

In short, [BTCC](#) is highly recommended due to its favourable attributes such as extremely low fees, user-friendly interface, excellent customer support, and robust security measures with no reported hacks or security breaches to date.

In order to trade [TECH100/USDT](#) on [BTCC](#), you need to first [register](#) an account. And you need to have some USDT in your crypto wallet, or you can directly [buy](#) it on BTCC. Once you have USDT, you can trade [TECH100USDT Perpetual Contracts](#) on BTCC with a leverage up to 50x. The transaction is safe, cheap, and fast with VERY easy steps.

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Sometimes, users feel more comfortable working with an exchange if they know that the exchange has a footprint in the industry. With 12 years of stable and secure operating history, [BTCC](#) is one of the [top cryptocurrency derivatives exchanges](#) in CoinMarketCap, which boasts a wide selection of 60+ cryptocurrencies and millions of registered users, offering services in 100+ countries.

[BTCC](#) charges 0.06% for both takers and makers, which are way below the industry average. According to the largest and most recent empirical study on crypto exchange trading fees, the average spot trading taker fee is 0.2294% and the maker fee is 0.1854%.

With high liquidity, low trading fees and fast transaction speed, BTCC allows users to open a trade immediately even when the crypto markets experience a sharp rise or plunge.

Apart from crypto trading, BTCC also supports tokenized futures service, allowing users to trade [stocks](#) and commodities futures ([Gold/Silver](#)) with USDT as the margin. The maximum leverage is up to 100x.

Trading on BTCC begins with [registration](#) and log in, which only takes 30 seconds. New customers can now sign up [here](#) to get a welcome bonus of 10 USDT, and complete the KYC verification to access all BTCC's features and [BTCC bonus](#). Once verified, you can start [trading Nasdaq](#) now.

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