

Big Tech's Relentless Momentum

Published May 22, 2025

Christopher Gannatti, CFA

Global Head of Research

Key Takeaways

- In a market increasingly dominated by mega-cap AI leaders, the [WisdomTree U.S. Quality Growth Fund \(QGRW\)](#) has outperformed the Invesco QQQ Trust (QQQ) across nearly every major time horizon by focusing on quality growth fundamentals rather than just size.
- While both the [QGRW](#) and QQQ offer tech-heavy exposure, [QGRW](#) delivers stronger profitability and earnings growth metrics, signaling a higher-conviction strategy for navigating the AI-driven economy.
- Investors seeking a sharper edge in large-cap growth can look to [QGRW's](#) selective focus on high-return, high-efficiency companies—offering familiar sector exposure with fundamentally superior results.

If investors had any doubts that we are still living in the era of Big Tech, the recent earnings season has decisively put them to rest. Microsoft and Meta posted blockbuster results. Amazon reaffirmed aggressive AI investments.¹ And even amid macro volatility, hyperscaler capital expenditures are tracking for an astonishing \$392 billion in 2025—a record high that nearly doubles the combined totals of 2023 and 2024.² For investors, the implication is clear: the structural engine of growth remains anchored in the largest, most AI-leveraged technology firms in the world.

AI Moves from Infrastructure to Impact

The AI story has entered what many are calling its second phase. We've moved beyond building out graphics processing units (GPUs) and data centers. Now it's about monetization, deployment and embedding intelligence into every layer of enterprise workflows. Meta is pushing into AI-enhanced messaging and personalized recommendations. Amazon is weaving AI through logistics, e-commerce and advertising. Microsoft, still facing capacity constraints for its Azure AI services, is racing to meet insatiable enterprise demand.³ These developments signal something profound: AI is no longer a tailwind—it's becoming core strategy.

The Magnificent 7: Still the Gravity Well of Markets

A gravity well is a term from physics and astrophysics describing how massive objects (like planets or stars) warp space-time and pull other objects toward them—an apt metaphor for the seven companies that still dominate our collective attention. It's been nearly two years since the release of ChatGPT catalyzed a historic run in Apple, Amazon, Alphabet, Microsoft, Meta, Nvidia and Tesla. These companies have

redefined what it means to be "mega cap," dominating flows, headlines and portfolio construction. And while dispersion has crept into their returns, their strategic importance has only deepened. Together, they sit at the intersection of nearly every major innovation trend—from agentic AI to vertical integration in chips to the consumerization of enterprise tech.

Not All Indexes Think Alike

For many, the Nasdaq 100 Index, the total returns of which are tracked by Invesco QQQ Trust, Series 1 (QQQ), has been synonymous with exposure to big tech. But there's an important nuance hiding in plain sight: the Nasdaq 100 Index doesn't explicitly target growth or quality. It simply selects the 100 largest non-financial stocks trading on the Nasdaq exchange.⁴ This means that while QQQ gives investors access to scale, it does not optimize for company fundamentals. As the market begins to differentiate more sharply within the mega-cap cohort, index design can become an active decision—even in passive wrappers.

QGRW: Quality Growth for the AI-First Economy

Enter the [WisdomTree U.S. Quality Growth Fund \(QGRW\)](#), a fundamentally driven alternative, designed to track the total return performance of the [WisdomTree U.S. Quality Growth Index](#), which focuses on the more profitable, higher-growth names in large-cap U.S. equities. There is a direct emphasis on return on equity, return on assets and earnings growth. In contrast, the Nasdaq 100 Index does not have any direct requirements like this. For investors who believe the AI boom still has legs—but want a basket built on enduring fundamentals, not just market cap—[QGRW](#) may offer the right lens for this next leg of the tech trade.

Figure 1: Standardized Returns

Fund Name	Fund Ticker Symbol	Fund Inception Date	Fund Expense Ratio	Year-to-Date	1-Year	3-Year	5-Year	10-Year	Since Fund Inception
WisdomTree U.S. Quality Dividend Growth (NAV)	QGRW	12/15/22	0.28%	-10.73%	7.06%	N/A	N/A	N/A	27.77%
WisdomTree U.S. Quality Dividend Growth (MP)	QGRW	12/15/22	0.28%	-10.76%	7.11%	N/A	N/A	N/A	27.78%
Invesco QQQ Trust (NAV)	QQQ	3/10/99	0.20%	-8.09%	6.22%	9.82%	20.52%	16.99%	9.58%
Invesco QQQ Trust (MP)	QQQ	3/10/99	0.20%	-8.14%	6.26%	9.75%	20.57%	16.97%	9.57%

Sources: WisdomTree, FactSet, specifically data from the Fund Comparison Tool in the PATH suite of tools, accessed 5/8/25, with returns as of 3/31/25. NAV denotes total return performance at net asset value. MP denotes market price performance. **The performance data quoted represents past performance. Past performance is not indicative of future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. For the most recent month-end and standardized performance, click the relevant ticker: [QGRW](#), [QQQ](#).**

Performance Is the First Filter and QGRW Passes

Despite being a newer entrant, [QGRW](#) has delivered superior total returns than [QQQ](#) across nearly every timeframe—quarter-to-date, one year and since inception (December 14, 2022). Over its roughly 2.5-year live track record, [QGRW](#) has outpaced [QQQ](#) by over three percentage points annualized, demonstrating that its quality-growth framework isn't just theory—it's translating into performance.

Figure 2: Outpacing the Nasdaq: QGRW vs. QQQ across Market Cycles



Sources: WisdomTree, FactSet, specifically data from the Fund Comparison Tool in the PATH suite of tools, as of 5/21/25. NAV denotes total return performance at net asset value. MP denotes market price performance. **Past performance is not indicative of future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. For the most recent month-end and standardized performance, click the relevant ticker: [QGRW](#), [QQQ](#).**

Leaning into Leadership: QGRW Allocates More Heavily to the Market's Most Dominant Companies

In a world where capital naturally concentrates in the largest, most innovative businesses, [QGRW](#) doesn't fight the tide. It embraces it, with higher weights in Apple, Nvidia, Microsoft, Alphabet and others relative to [QQQ](#). This is a selective intensification, not broad market cap chasing. [QGRW](#) tightens focus on quality within scale.

Figure 3: Tech Titans, Reweighted: A Closer Look at QGRW vs. QQQ

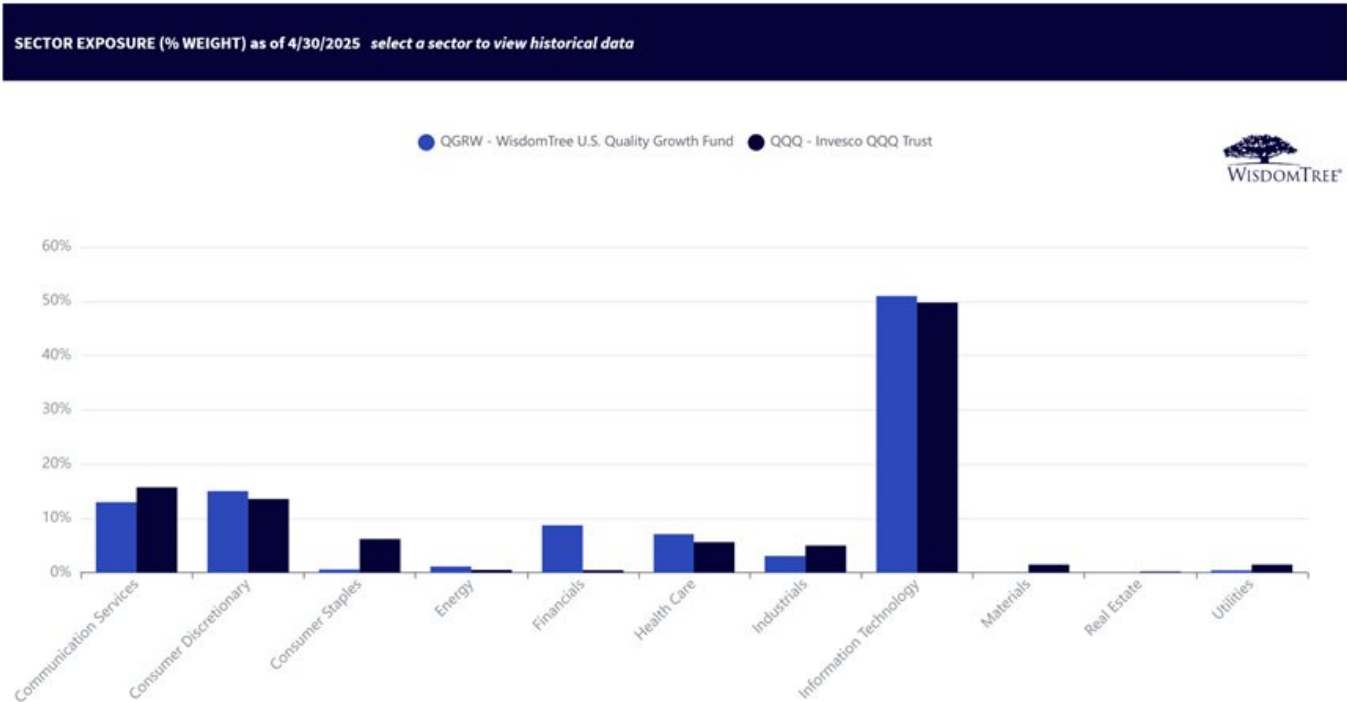
QGRW		QQQ	
Company Name	Weight	Company Name	Weight
Apple	10.49%	Apple	8.86%
Nvidia	9.59%	Microsoft	8.15%
Microsoft	9.54%	Nvidia	7.37%
Alphabet	5.70%	Amazon.com	5.42%
Amazon.com	5.21%	Alphabet	5.02%
Meta Platforms	4.29%	Broadcom	4.14%
Broadcom	3.81%	Meta Platforms	3.34%
Eli Lilly	3.64%	Netflix	3.30%
Visa	3.13%	Costco Wholesale	3.01%
Tesla	2.92%	Tesla	2.85%
Total	58.32%	Total	51.46%

Sources: WisdomTree, FactSet, with data as of 4/30/25. **Subject to change.**

Outperformance without Overexposure: QGRW Delivers Results without Large Sector Bets

Rather than relying on big sector tilts, [QGRW](#) operates within a sector framework that's remarkably similar to [QQQ](#), especially in tech, discretionary and communication services. The difference? Stock selection and quality screening, not allocation shifts.

Figure 4: Structure Diverges, Sector Exposure Doesn't: QGRW and QQQ Compared

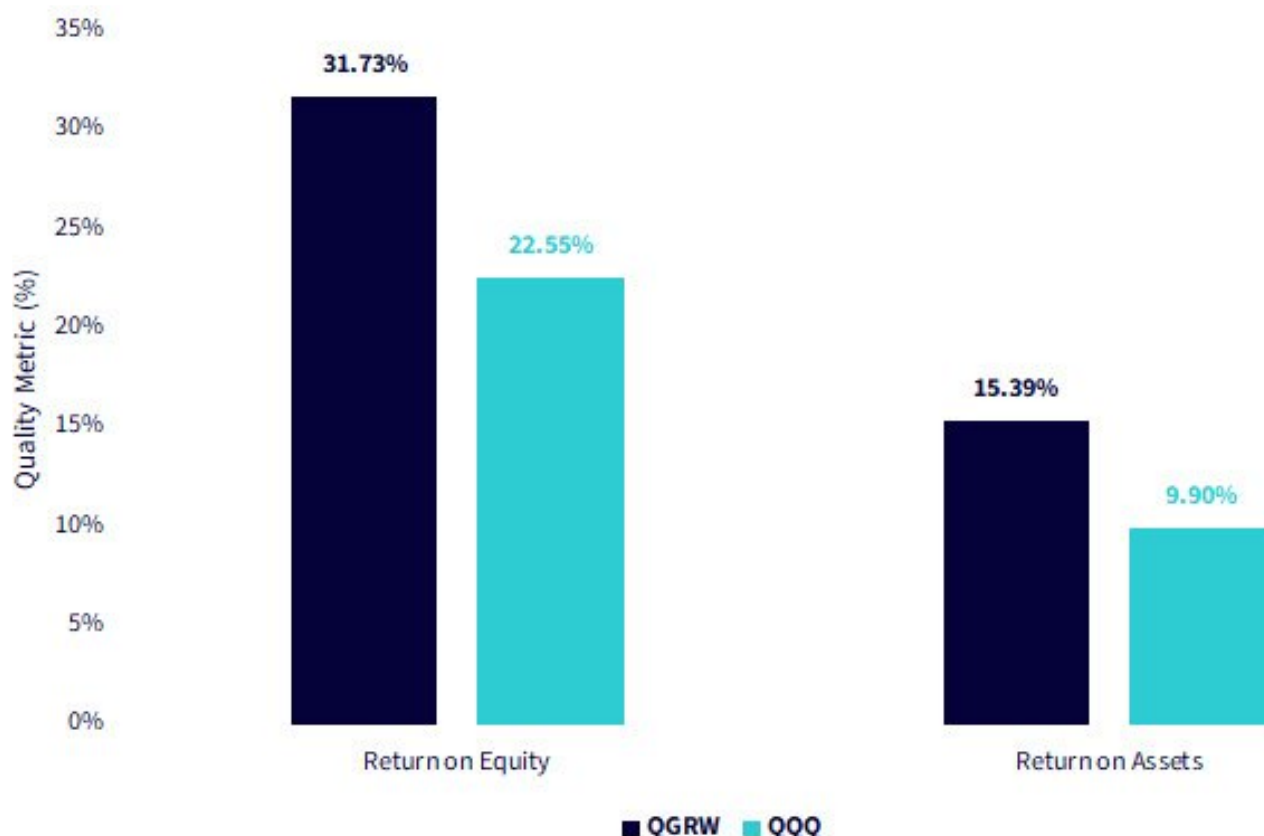


Sources: WisdomTree, FactSet, with data as of 4/30/25. **Subject to change.**

When You Focus on Quality, It Shows: QGRW vs. QQQ on Core Profitability Metrics

Return on equity and return on assets—two cornerstone measures of business efficiency and resilience—are materially higher for [QGRW](#). This isn't coincidence; it's the direct result of a methodology that prioritizes balance sheet strength, margin efficiency and capital discipline.

Figure 5: Quality, Quantified: QGRW Delivers Stronger Fundamentals than QQQ

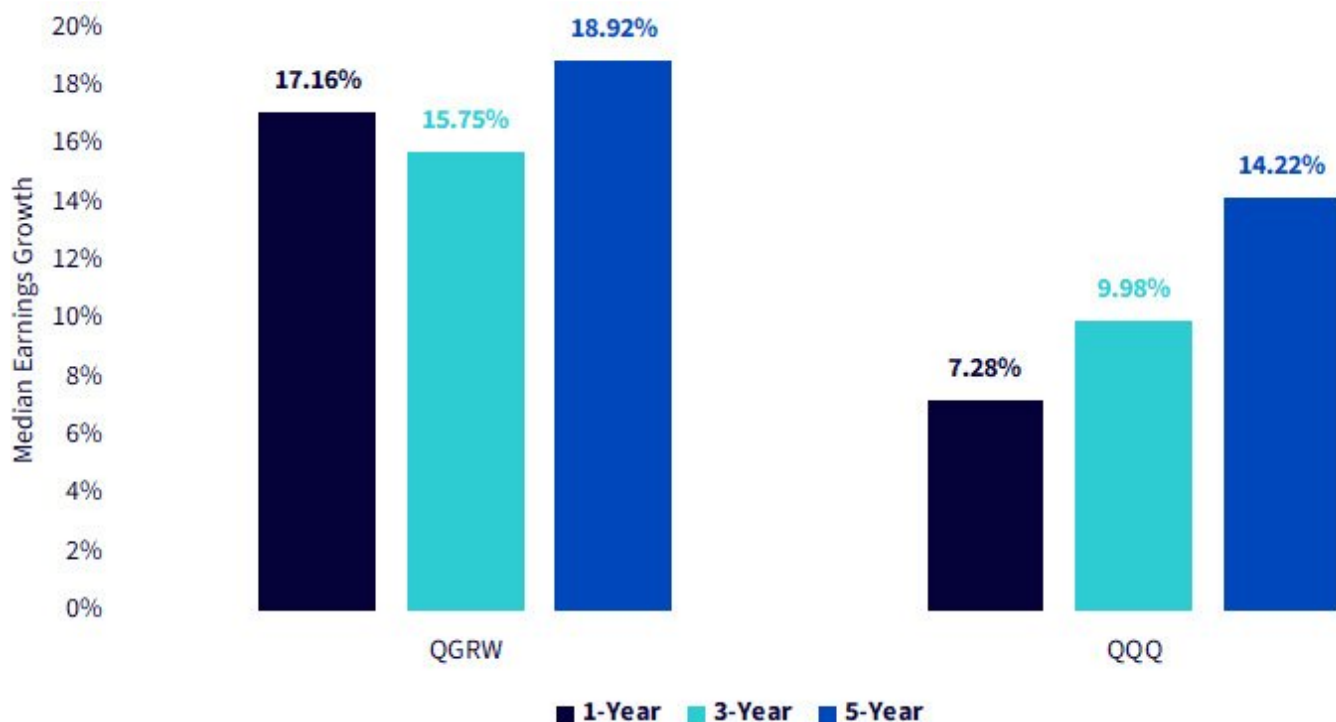


Sources: WisdomTree, FactSet, with data as of 4/30/25. **Subject to change.**

QGRW Finds What Investors Seek: Faster-Growing Companies

Across one-, three- and five-year horizons, the median earnings growth of [QGRW's](#) holdings clearly outpaces that of QQQ. That's not a random outcome. It reflects the Fund's systematic process of selecting quality growth businesses. If earnings growth is the engine of long-term performance, this chart shows that QGRW is positioned closer to the driver's seat.

Figure 6: Go Where the Growth Is: QGRW's Earnings Strength Stands Out



Sources: WisdomTree, FactSet, with data as of 4/30/25. Subject to change.

Conclusion

At the end of the day, the first test for any strategy is performance, and [QGRW](#) passes. Since its inception in December 2022, it has outperformed QQQ across nearly every major time horizon, doing so without making big, binary bets on sectors. In a market environment where investors increasingly gravitate toward the largest, most dominant companies, [QGRW](#) leans into that reality. But rather than simply follow size, it filters for quality—those companies with superior profitability, capital efficiency and earnings momentum. The result is a portfolio that looks sectorally familiar, yet behaves fundamentally better.

What stands out is how the strategy delivers results without reinventing the wheel. [QGRW](#) doesn't try to find obscure winners in forgotten corners of the market. It finds better businesses among the names investors already know—businesses with stronger balance sheets, better returns on equity and assets, and consistently faster earnings growth. For investors seeking a higher-conviction approach to large-cap growth, [QGRW](#) offers a differentiated solution that's quietly doing something rare: delivering outperformance without demanding a leap of faith.

Figure 7: Additional Information

Fundamentals	WisdomTree U.S. Quality Growth Fund	Invesco QQQ Trust, Series 1
Objective	The WisdomTree U.S. Quality Growth Fund is designed to track the total return performance, before fees, of the WisdomTree U.S. Quality Growth Index. The Index focuses on companies with strong growth and quality fundamentals and targets exposure to the top 100 companies ranked on these fundamentals which are then market capitalization-weighted.	The Invesco QQQ Trust, Series 1, is designed to track the total return performance, before fees of the Nasdaq 100 Index. The Index includes 100 of the largest domestic and international nonfinancial companies listed on the Nasdaq Stock Market based on market capitalization.
Price-to-Sales Ratio	7.03x	5.23x
Price-to-Book Ratio	13.05x	7.75x
Price-to-Cash Flow Ratio	27.23x	21.71x
Est. Price-to-Earnings Ratio	28.49x	25.07x
Est. Price to Earnings Ratio (excludes firms with negative earnings)	28.35x	24.83x
% of Firms with Negative Earnings	5.30%	5.27%
Total Expense Ratio	0.28%	0.20%
Total Assets Under Management (millions, \$)	1,119	305,310

Sources: WisdomTree, FactSet, with assets under management sourced from WisdomTree and Invesco websites, current as of 5/8/25. **Subject to change.**

1 Source: Woodring et al., "Cloud Capex Tracker: '25 Growth Now at 38% Y/Y," Morgan Stanley & Co. LLC, 5/1/25.

2 Source: Woodring et al., 2025.

3 Source: A. Ramkumar, "The AI Trade Is Showing New Signs of Life," *Barron's*, 4/26/25.

4 Source: *Nasdaq-100 Index Methodology*, Nasdaq, Inc. <https://indexes.nasdaqomx.com>

Important Risks Related to this Article

For current holdings of QGRW, please click [here](#). Holdings are subject to risk and change.

QGRW: There are risks associated with investing, including the possible loss of principal. Growth stocks, as a group, may be out of favor with the market and underperform value stocks or the overall equity market. Growth stocks are generally more sensitive to market movements than other types of stocks. The Fund is non-diversified; as a result, changes in the market value of a single security could cause greater fluctuations in the value of Fund shares than would occur in a diversified fund. The Fund invests in the securities included in, or representative of, its Index regardless of their investment merit. The Fund does not attempt to outperform its Index or take defensive positions in declining markets, and the Index may not perform as intended. Please read the Fund's prospectus for specific details regarding the Fund's risk profile.

QQQ: There are risks involved with investing in ETFs, including possible loss of money. Shares are not actively managed and are subject to risks similar to those of stocks, including those regarding short selling and margin maintenance requirements. Ordinary brokerage commissions apply. The Fund's return may not match the return of the Underlying INdex. The Fund is subject to certain other risks. Please see the current prospectus for more information regarding the risk associated with an investment in the Fund. Investments focused in a particular sector, such as technology, are subject to greater risk, and are more greatly impacted by market volatility, than more diversified investments.