

Billionaire Investors Increase Holdings in Top AI-Focused ETF

August 2, 2025

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A growing number of billionaire investors are buying into the Invesco QQQ Trust (NASDAQ: QQQ), a technology-heavy exchange-traded fund (ETF) that tracks the Nasdaq-100 Index. With a historical return of over 1,500% in the past two decades, the fund has drawn increased interest from prominent hedge fund managers amid rising expectations for artificial intelligence (AI) to drive long-term growth across the tech sector.

During the first quarter of this year, Ken Griffin's Citadel Advisors added 2.2 million shares of QQQ, making it the third-largest holding in the firm's portfolio, excluding options. Israel Englander's Millennium Management purchased 474,300 shares, placing the ETF among its top 25 holdings. Steven Cohen's Point72 Asset Management also increased its stake, adding 7,950 shares. These three hedge funds, Citadel, Millennium, and Point72, rank among the most profitable in history by net gains, giving added weight to their investment choices.

The Invesco QQQ Trust is one of the world's most popular ETFs, currently ranked fifth globally by assets under management. The fund is designed to mirror the performance of the Nasdaq-100 Index, which consists of the 100 largest non-financial companies listed on the Nasdaq Stock Exchange. Over 60% of its holdings are in technology stocks, many of which are at the forefront of the AI revolution.

Major companies within the QQQ portfolio include Microsoft, Amazon, and Alphabet, leaders in cloud computing services, which are essential for developing and deploying AI infrastructure. Nvidia, a core holding, dominates the market for data center graphics processing units (GPUs), critical components for training AI models. Apple is leveraging generative AI features in its iPhones, while Meta Platforms integrates AI to enhance its advertising and user engagement. Other beneficiaries include Broadcom, known for its AI networking chips, and Tesla, which has entered the autonomous ride-hailing market.

According to data from Grand View Research, global AI-related spending, including hardware, software, and services, is expected to grow at an annual rate of 35.9% through 2030. This projected expansion supports the long-term growth thesis behind QQQ's portfolio composition.

Historical performance adds to the ETF's appeal. From 2004 to 2024, QQQ generated a total return of 1,560%, or about 15% compounded annually, including dividends. Even under a more conservative projection of a 12% annual return, investing \$500 monthly in QQQ over 20 years could yield approximately \$432,300, based on compound interest calculations provided by investor.gov.

Investors should also note a few caveats. Due to its significant tech exposure, QQQ has experienced frequent volatility, with drops of over 12% occurring multiple times in the past decade. Additionally, the ETF carries an annual expense ratio of 0.2%, which is lower than the 2024 U.S. average of 0.34% for index and mutual funds.

While several seasoned investors are backing QQQ, prospective buyers should still consider their individual financial goals and risk tolerance. Although this ETF has proven resilient and growth-oriented, market fluctuations remain a part of the landscape, particularly within the fast-evolving tech sector.