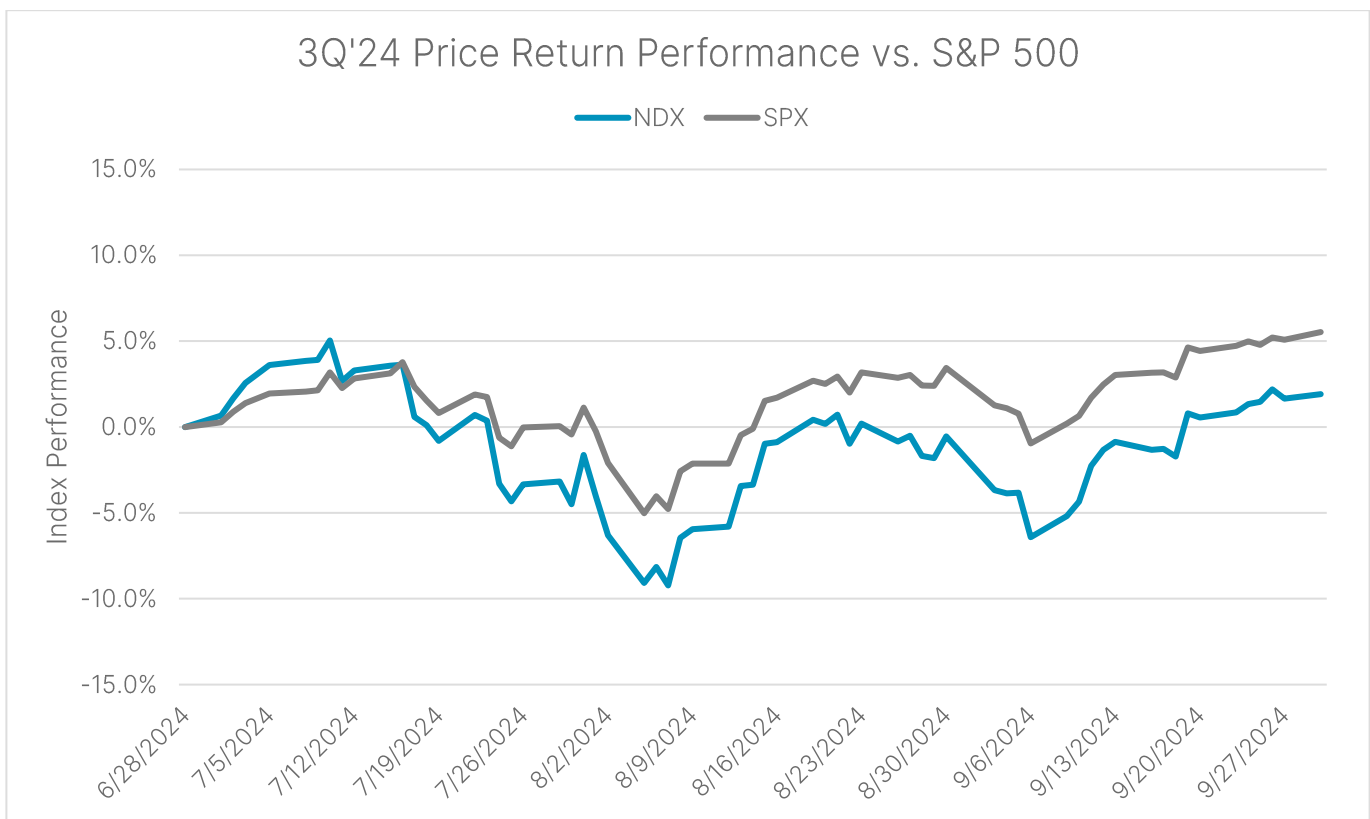


Nasdaq-100 Index® Quarterly Commentary: 3Q'24 Performance & Fundamentals Review

Mark Marex, CFA, *Senior Director*, Nasdaq Index Research & Development

In the third quarter of 2024, the Nasdaq-100® (NDX®) generated a price return of 1.92%, underperforming the S&P 500 (SPX) which was up 5.53%. Market performance throughout the quarter was characterized by record highs set in early July amidst very low volatility, followed by a correction in the second half of July / early August driven initially by sector rotations away from Tech, and then an abrupt unwinding of the Japanese yen carry trade. A strong recovery later in August was interrupted by risk off sentiment driven by negative geopolitical headlines into early September, only to once again stage a recovery into the end of the quarter amid the backdrop of moderating inflation readings and the Federal Reserve delivering its first, highly anticipated rate cut of 50 bps on September 18.



Nasdaq-100 Performance Drivers & Fundamentals Update

After the best year of performance for the index since 1999, the bar was set pretty high for the Nasdaq-100 heading into 2024. The index's historic gains in 2023 reflected a combination of unique factors: the emergence of AI as a massive new, secular growth driver for most of the largest NDX constituents; the rebound in growth equity valuations more generally thanks to the slowdown and eventual pause in the Fed's interest rate hiking cycle, in reaction to stabilizing inflation rates; the reemergence of a "Big Tech flight-to-safety" in 1Q/2Q during the US

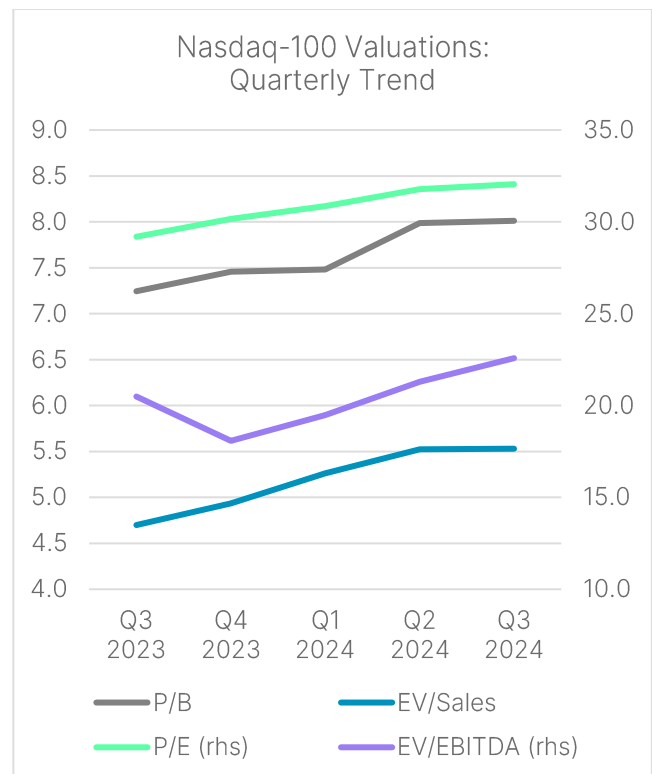
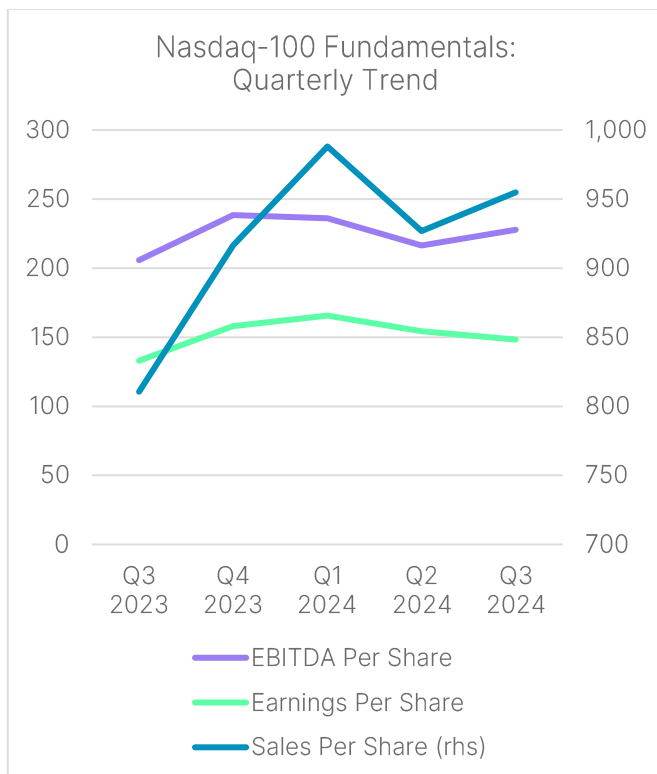
regional banking crisis; and generally stronger-than-forecast fundamentals, reversing most of the negative sentiment seen throughout 2022. In the first three quarters of 2024, the index continued its upward trajectory despite a mild correction in April and a modestly sharper one in July/August, driven by continued strength in index fundamentals. Through Sept 30, the Nasdaq-100 has generated YTD total returns of 20.0%.

Overall, Nasdaq-100 companies beat their revenue and earnings estimates for the quarter on average by 1.9% and 6.5%, respectively, with the majority of the index exceeding on both top and bottom line. Among the Magnificent 7, only Tesla missed its earnings estimate on its most recent report, continuing a string of weakness in recent quarters – but did beat its revenue estimates; Amazon had a very slight miss on revenues, but an impressive (22%) beat on earnings. Meta Platforms beat its consensus estimates for EPS by 9.4%, while Nvidia continued its streak of surprising investors to the upside, beating EPS estimates by 5.2%. The rate of beats (by index constituent count and index weight) on bottom-line was nearly unchanged vs. prior quarter, while ticking down a bit on top-line. Those few missing earnings expectations did so at greater magnitudes than in the previous quarter, with particularly weak results from Warner Brothers Discovery and DoorDash.

Fundamental Metric	# of Beats / % Weight	# of Misses / % Weight	Average Beat %	Average Miss %
2Q'24 Revenues	67 / 77.5%	33 / 21.6%	3.5%	(1.5%)
2Q'24 Earnings	81 / 88.3%	19 / 10.8%	13.3%	(21.9%)

In terms of overall fundamental growth, the index-weighted Sales per Share for the quarter ending 9/30/24 grew by 3.0% vs. prior quarter, and was 17.8% higher vs. one year ago. Index-weighted EPS was down 4.0% vs. prior quarter, but grew 11.4% YoY. EBITDA was up by 5.2% QoQ, and a healthy 10.7% YoY.

In terms of index valuations, the index-weighted P/E ratio was nearly unchanged at 32.0 by the end of 3Q'24, up from 31.8 at end of 2Q'24. P/B and EV/Sales ratios also stayed flat, in-line with P/E, while EV/EBITDA rose from 21.3 to 22.6.



Sources: Nasdaq Global Indexes, FactSet, Bloomberg.

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