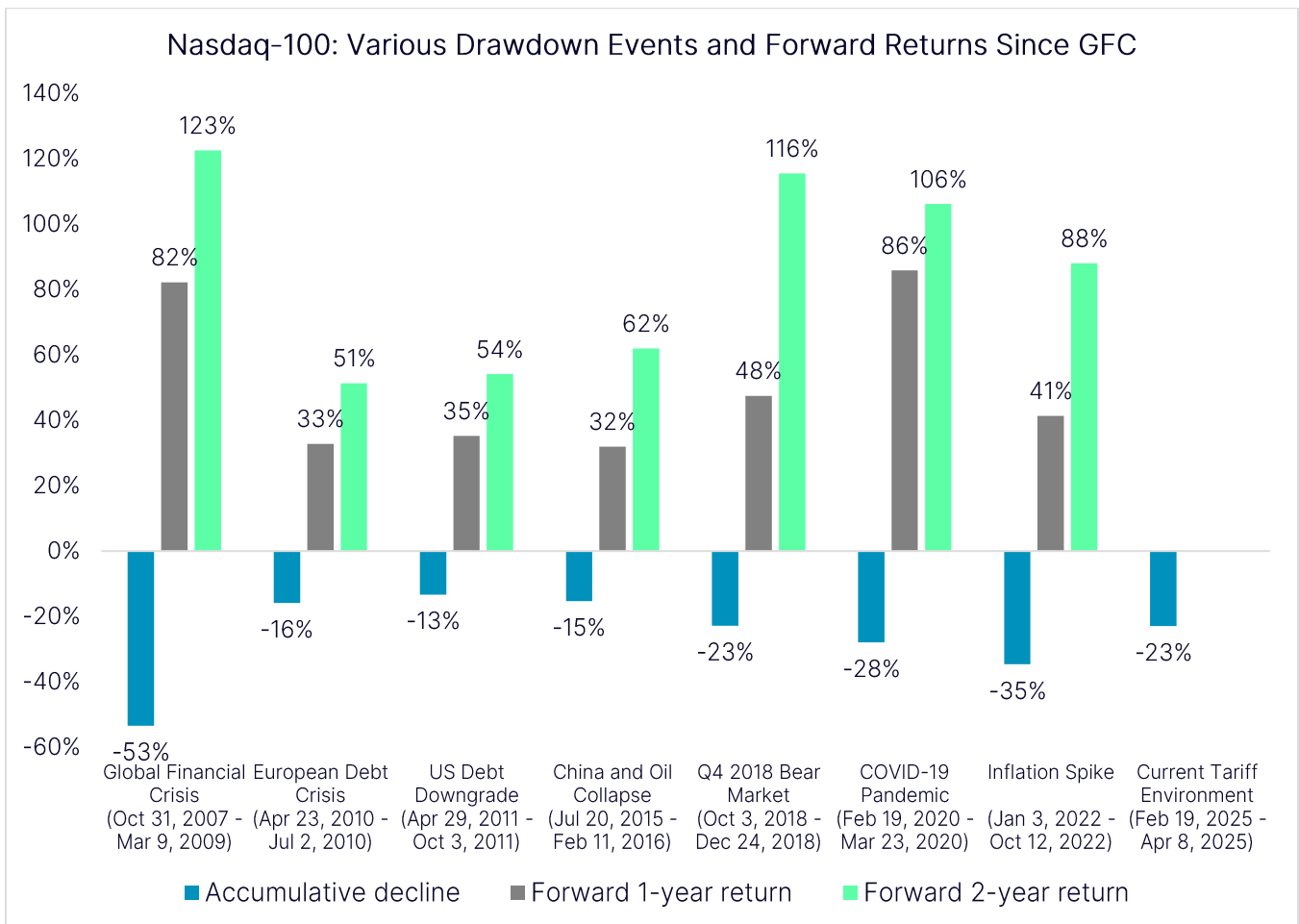


# Nasdaq-100<sup>®</sup> in the Current Tariff Environment

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## Long-term gains often follow market downturns

Over the years, the Nasdaq-100 has weathered various traumatic events. These challenges often seemed deeply threatening to investors. While investors should prepare for additional near-term downside, markets usually recover from uncertainty in the longer term. From drawdowns of this magnitude, longer-term investors have generally been rewarded by investing during these periods. Furthermore, the policy-driven nature of this sell-off makes it more prone to a swift rebound compared to a decline triggered solely by economic factors.



Source: Nasdaq Global Indexes; Bloomberg. As of April 8, 2025.

### Nasdaq-100: Largest Two-day Declines and Forward Returns Since GFC

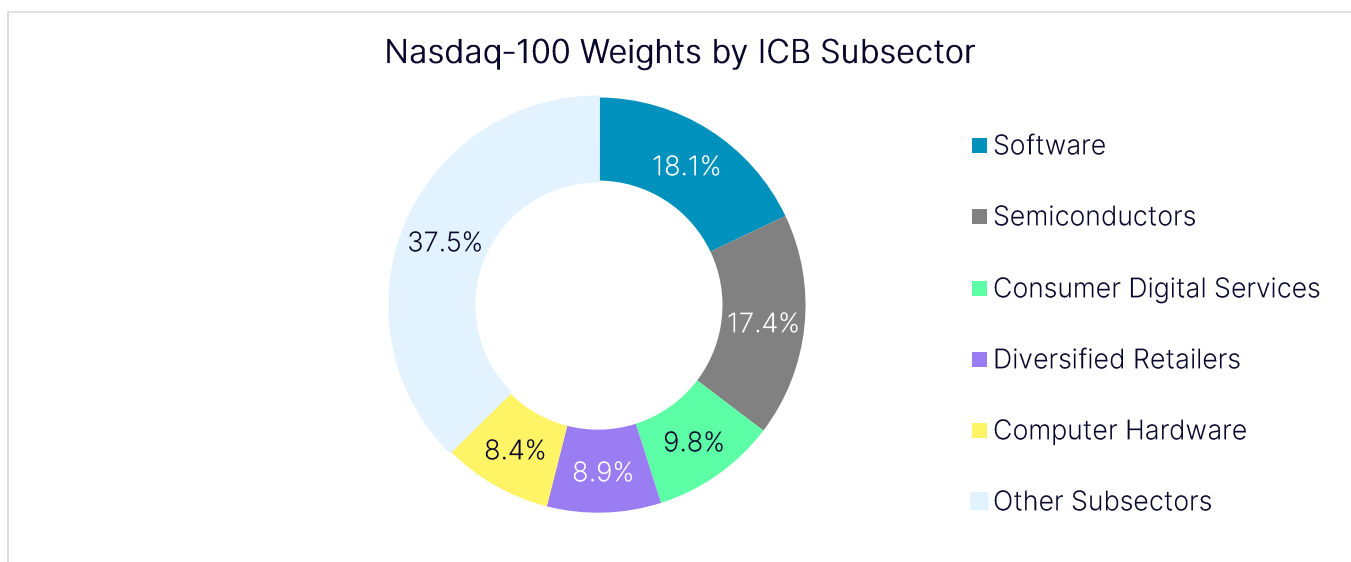
Incident	Date	2-day decline	Forward 1-year return	Forward 2-year return
Global Financial Crisis	Sep 29, 2008	-11.3%	+14.8%	+34.3%
	Oct 15, 2008	-13.0%	+40.9%	+68.6%
	Nov 6, 2008	-9.9%	+39.4%	+76.1%
	Nov 20, 2008	-10.3%	+70.2%	+106.0%
Covid-19 Pandemic	Mar 12, 2020	-13.2%	+78.1%	+85.1%
Current Tariff Environment	Apr 4, 2025	-11.2%		

Source: Nasdaq Global Indexes; Bloomberg. As of April 8, 2025.

### Exposure to tariffs

The three largest ICB subsectors of the Nasdaq-100 are software (18.1%), semiconductors (17.4%) and consumer digital services (9.8%). Sectors like software and digital platforms are typically less exposed to tariff regulations. For instance, Microsoft, the second largest constituent of the Nasdaq-100, stands out due to its less direct exposure to tariffs and a robust enterprise revenue mix. Its advantage lies in not heavily dealing with physical or consumer products. Additionally, a significant portion of its business is enterprise software, focusing on selling cloud applications and infrastructure to corporate clients. This results in a substantial part of its revenue being tied to long-term contracts, providing Microsoft with extra stability.

Although semiconductors remain unaffected by reciprocal tariffs, the rising costs of numerous chip-containing products pose a risk to demand. AI semiconductor providers, especially Nvidia, Broadcom and Marvell Technology, may experience limited demand disruption from tariffs due to their exposure to enterprise buyers with lower price sensitivity.

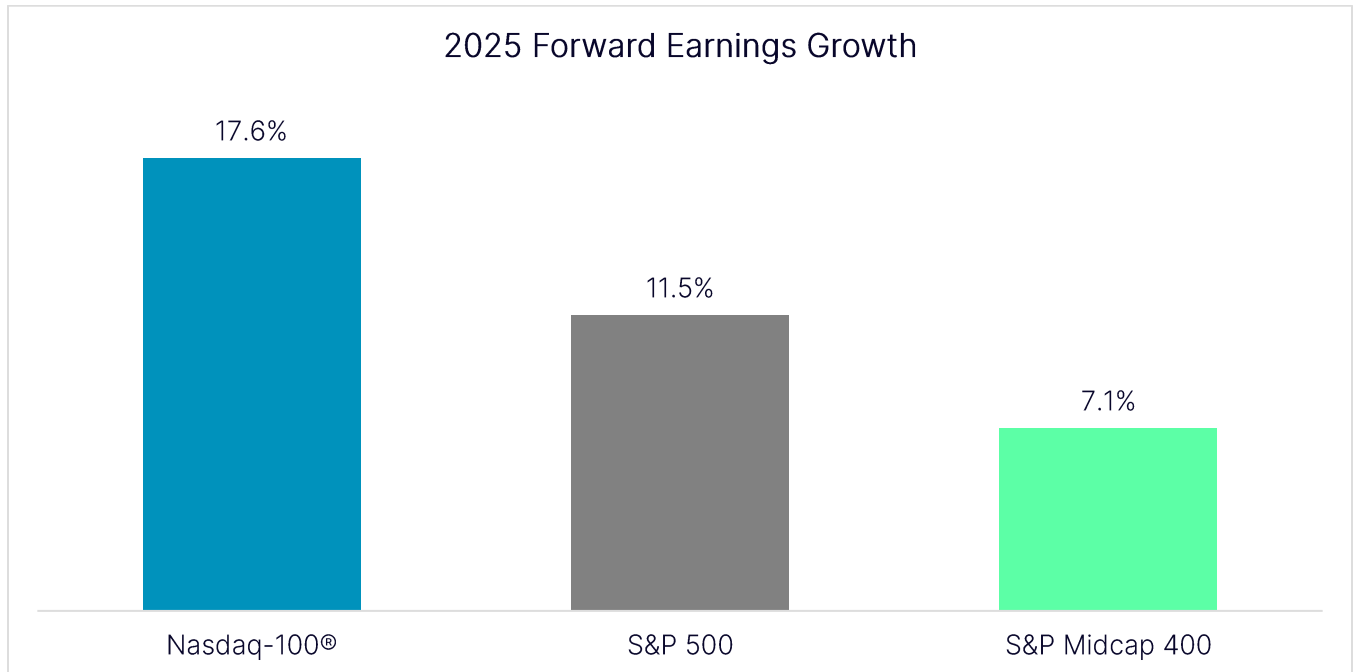


Source: Nasdaq Global Indexes. As of April 8, 2025.

## Forward P/E at its lowest since November 2022

In the recent market selloff, the valuation of the Nasdaq-100 has dropped from its elevated levels. Forward P/E of the Nasdaq-100 has fallen to 21.6 times<sup>1</sup>, marking its lowest point since November 2022.

The market downturn is driven more by uncertainty around tariffs and the broader macroeconomic landscape than by corporate fundamentals. Analysts project Nasdaq-100 earnings per share (EPS) growth to hit 18% year-on-year in 2025, 53% above that of the S&P 500. Yet, this forecast may be adjusted due to tariff impacts.



Source: Nasdaq Global Indexes; FactSet. As of April 7, 2025.

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<sup>1</sup> Source: Bloomberg. As of April 8, 2025.