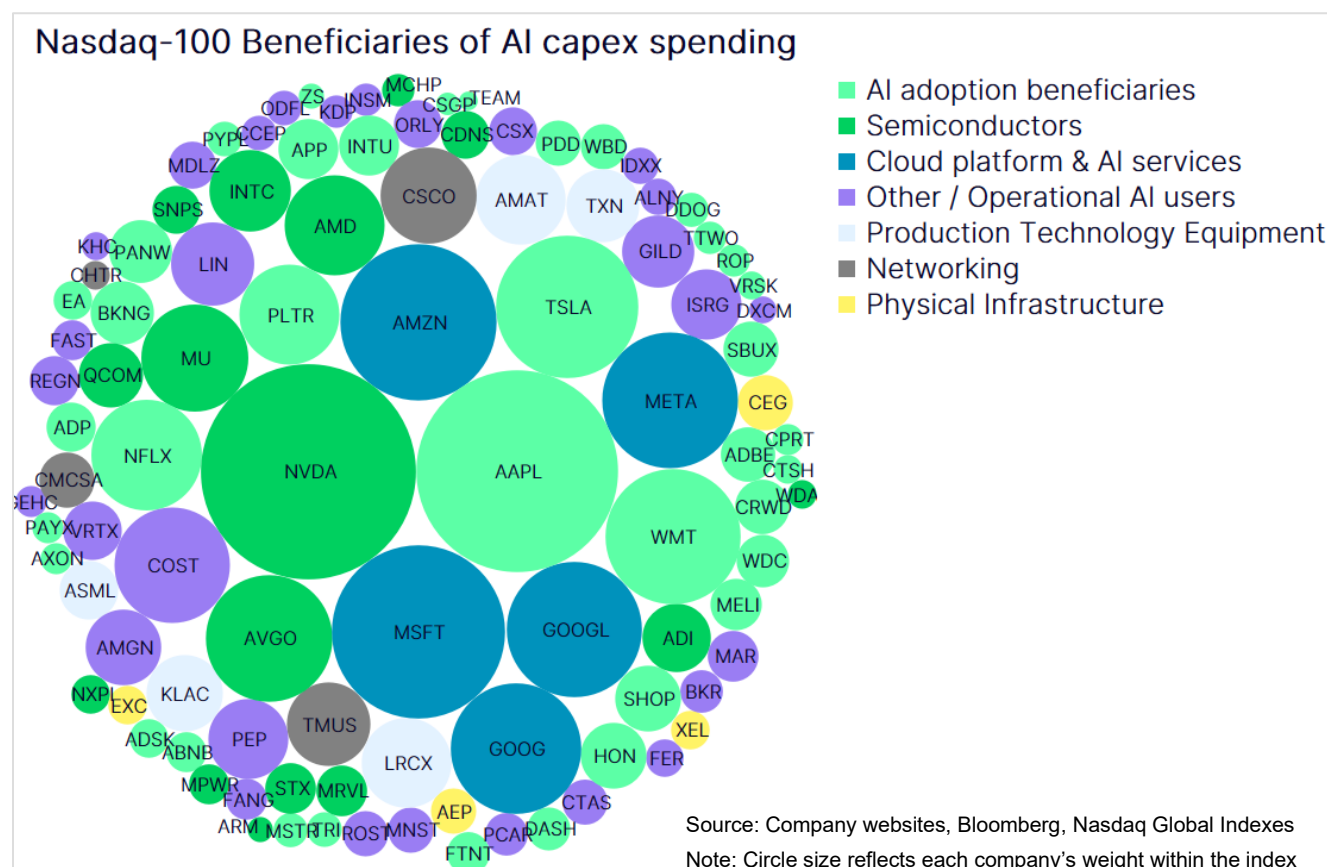
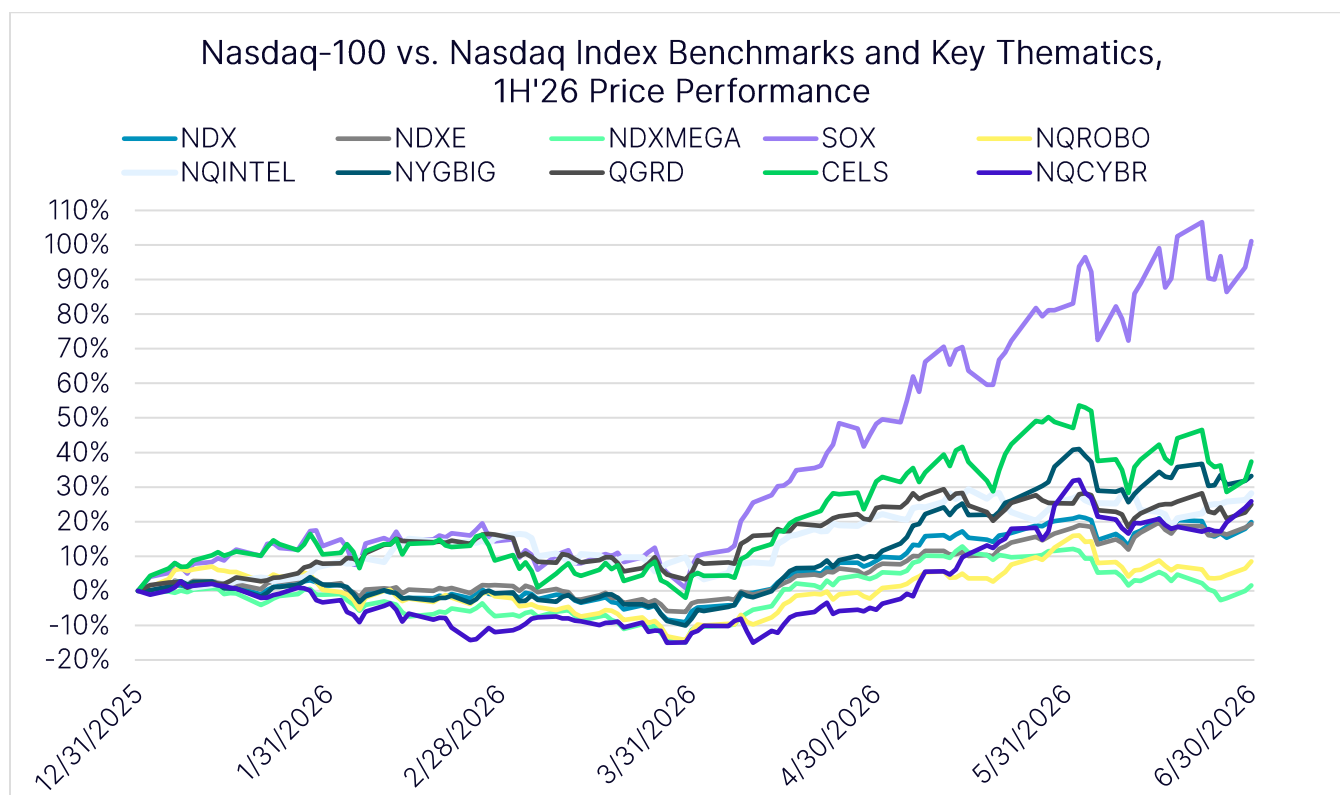


Tracking AI's Expanding Impact on the Economy through the Nasdaq-100 and Nasdaq's Thematic Index Suite

The first half of 2026 has treated investors to a number of surprises and superlatives, with the Nasdaq-100® (NDX®) continuing to function as a barometer of the biggest driver in the global equity markets – the artificial intelligence trade – tracking dozens of key players in different layers of the AI tech stack. From the largest hyperscalers including Nasdaq-listed Amazon, Microsoft, Google and Meta spending hundreds of billions on datacenter capex, to the ecosystem of semiconductor names – across GPUs (like Nvidia and AMD), ASICs (Broadcom, Marvell), CPUs (Intel and Arm), memory (Micron, Sandisk, Western Digital), and semicap equipment (Lam Research, KLA, Applied Materials) – to the supporting hardware players like Cisco and Apple, to the software names experiencing the full brunt of AI disruption anxiety, NDX has witnessed historically strong performance and fundamental growth in 2026, [turning in 45% YoY growth in earnings \(index EPS\) in the most recent quarterly earnings season](#), and more than recovering from its geopolitical-risk-driven performance hiccup in 1Q'26 with a 27.5% gain in 2Q'26.



With a YTD price return of 19.9% as of June 30, investors might assume that strength was broad-based across the Nasdaq-100's various thematic and subsector exposures – especially when considering its outperformance against the S&P 500, up only 9.55%. To understand why this was not the case, one need only look at the performance of NDX's Semiconductor names – its largest ICB subsector exposure, which was up more than 72% as a group – compared to its second biggest subsector exposure, Software, which was down more than 15% as a group. The more than 80% point performance differential easily ranks as the largest in the index's history across its top two subsectors, continuing the divergence that emerged in 4Q'25 as investors began discounting software valuations in light of disintermediation risk from AI, while bidding up those of semiconductor companies amid historic supply shortages, exponential compute demand curves, and soaring margins.



Looking at the performance of the Nasdaq-100 Equal Weighted™ Index (NDXE™) – up 19.3% YTD – against the Nasdaq-100 Mega™ Index (NDXMEGA™) – up only 1.6% – provides another layer of insight into this year's market dynamics. For all the discussion of how top-heavy NDX has become in terms of weighting and return concentration (weight capping process in the index methodology notwithstanding), the first half of 2026 suggests that the biggest names do not have to drive the bulk of gains for the index to log an impressive extended performance run. In fact, all 10 of the index's biggest YTD performance contributors were semiconductor companies, none of which overlap with NDXMEGA which narrowly tracks only the 7 largest NDX constituents by weight.

Finally, turning to the performance of some of Nasdaq's flagship thematic indexes reveals the unevenness of the AI investment wave's rewards across equity markets. Nasdaq's PHLX Semiconductor® Index (SOX®) soared by 101.1% in 1H'26, already matching its best full year of performance in 1999 when it gained 101.0%. AI thematic indexes that were tilted towards robotics, such as the Nasdaq CTA AI & Robotics™ Index

(NQROBO™), underperformed with a gain of only 8.5% as the physical AI trade remains nascent; on the other hand, the Nasdaq Global AI & Big Data™ Index (NYGBIG™) was up 33.2% and the Nasdaq CTA AI™ Index (NQINTEL™) was up 50.4%. Energy and power infrastructure's central role in the AI investment wave has become well established, with the Nasdaq Clean Edge Smart Grid Infrastructure™ Index (QGRD™) up 25.0%. The Nasdaq Clean Edge Green Energy™ Index (CELS™) continued its recent rebound after a few years of weak performance with a gain of 37.4%, illustrating that even renewables are seeing a major lift from AI as the hyperscalers and other major datacenter investors employ an "all of the above" approach to securing the gigawatts necessary to power perhaps the biggest infrastructure buildout in human history. Meanwhile, pockets within the broader software space such as cybersecurity, tracked by the Nasdaq CTA Cybersecurity™ Index (NQCYBR™), demonstrated that "not all Tech is the same" and not even within software itself, rallying 25.9% in the first half (48% off the lows on April 10) as investors continue to evolve their understanding of where the risks – and opportunities – truly reside for AI-adjacent themes and sectors.

AI Investment Wave Entering a New Phase

The first half of 2026 undoubtedly marked a structural shift for AI investors. We have officially transitioned from the "hype and experimentation" era into a period of heavy infrastructure build-out, deep market dispersion, and aggressive operational monetization. More broadly, equity markets are no longer rewarding companies just for saying "AI" on earnings calls. The market is now demand-testing execution and punishing unearned multiples. Companies successfully embedding AI to cut costs or drive new revenue lines are seeing cash-flow margin expansion outpace the global average by 2x, [per Morgan Stanley's recent research. Approximately 25% of S&P 500 firms explicitly cited measurable bottom-line impacts from AI in early 2026 \(up from 13% in 2025\).](#) Major tech enterprises are reporting 15% to 30% efficiency gains, with Microsoft revealing that roughly 35% of its internal code is now entirely AI-generated.

The physical infrastructure needed to power the next generation of AI models has triggered a capital expenditure boom of historic proportions. Global infrastructure spend is projected to eclipse \$2.2 trillion by 2028, with the Nasdaq hyperscalers (Amazon, Alphabet, Meta, Microsoft) tracking in excess of \$600 billion in CapEx for 2026 alone (up from \$360 billion in 2025). Because traditional bank balance sheets cannot absorb infrastructure debt of this magnitude, private credit has stepped in as a core financing mechanism. [Private credit funds are now providing 60% to 75% of early-stage AI data center development capital,](#) structuring creative multi-billion-dollar "triple-net lease" asset deals to back massive clusters of Nvidia GB200 Blackwell chips. Importantly, though, [our tracking of the debt dynamics](#) within the Nasdaq-100 reaffirmed the view that the index's funding of the AI capex buildout remains remarkably balanced and that risks tied to excessive leverage, to the extent they exist in this wave, largely reside elsewhere.

Navigating the AI trade – if you're an active investor – requires more intense scrutiny than ever thanks to a host of fast-moving new developments in 2026, in particular relating to frontier AI model capabilities, compute costs, ROIs, and accessibility. Add in the rising geopolitical and regulatory risk factors stemming from the narrow technical gap between US frontier models and Chinese open-source alternatives, and it's never been a more exciting – and higher stakes time – to follow the AI trade than it is now. With the Nasdaq-100 approximately doubling the broader S&P 500 on the back of historically strong AI-driven earnings results from many of its constituents (biggest and smallest alike), the market continues to signal that [whether it comes to AI or any other highly impactful disruptive technological wave](#), the Nasdaq-100 remains among the most important indexes for passive investors to follow in the 21st century, innovation-driven global economy.

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