

A CLOSER LOOK

THE NASDAQ-100 HAS GROWN TO INCLUDE MUCH LARGER, STRONGER COMPANIES WITH MORE STABLE BALANCE SHEETS THAN EVER BEFORE.

The NASDAQ-100 Index includes 100 of the largest domestic and international non-financial securities listed on The NASDAQ Stock Market based on market capitalization. The Index reflects companies across major industry groups including computer hardware and software, telecommunications, retail/wholesale trade and biotechnology. It does not contain securities of financial companies.

While it is accurate to describe the NASDAQ-100 as “tech heavy,” it is not nearly tilted as it once was. Table 1 illustrates the current industry weights of the NASDAQ-100. Although technology currently makes up 53% of the Index by weight, that is down from 67% back in 2001. Technology companies are now just 40 stocks in the Index, down from 60 in 2001. Many large companies in the index but outside the tech sector include Gilead Sciences (Biotechnology), Comcast (Broadcasting and Entertainment), Amgen (Biotechnology), Mondelez (Food Products) and Marriott (Hotels).

TABLE 1

ICB INDUSTRY	2014 INDEX WEIGHT
BASIC MATERIALS	0.28%
CONSUMER GOODS	4.02%
CONSUMER SERVICES	22.74%
HEALTH CARE	13.88%
INDUSTRIALS	3.47%
TECHNOLOGY	53.99%
TELECOMMUNICATIONS	1.63%

THE INDEX IS EVOLVING

Over time, the NASDAQ-100 has grown to include much larger, stronger companies with more stable balance sheets than ever before. This can be evidenced in numerous ways, the first of which is by looking at the Index’s weighted average market cap. From 12/31/2008 to 12/31/2013, the weighted average market cap of each security almost quadrupled from \$435M to \$1.6B. The total market cap of the index has likewise grown from \$1.47T to \$4.2T.

These larger and more mature companies often have less need for using cash to fuel growth, and many have instead elected to give back to their shareholders by means of paying dividends. This has altered the Index’s dividend profile dramatically.

Table 2 summarizes some of these changes. In 2008, the index included 33 companies that paid dividends. In 2013, fully half the Index stocks paid a dividend to shareholders. Also, the amount of dividends paid grew from \$14B in 2008 to \$56B in 2013. This has pushed the Index yield from 0.96% to 1.33%.

TABLE 2 NASDAQ-100 DIVIDEND HISTORY

YEAR	NASDAQ-100 COMPANIES PAYING A DIVIDEND IN CALENDAR YEAR	TOTAL DIVIDENDS PAID (\$B)	TOTAL MARKET CAP (\$B)	DIVIDEND YIELD
2008	33	14.1	1,466.3	0.96%
2009	37	23.0	2,343.3	0.98%
2010	38	24.9	2,655.6	0.94%
2011	44	30.3	2,648.4	1.14%
2012	50	43.9	3,152.9	1.39%
2013	50	55.9	4,195.7	1.33%

* Source: NASDAQ Global Indexes Research. Bloomberg. FactSet.

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