

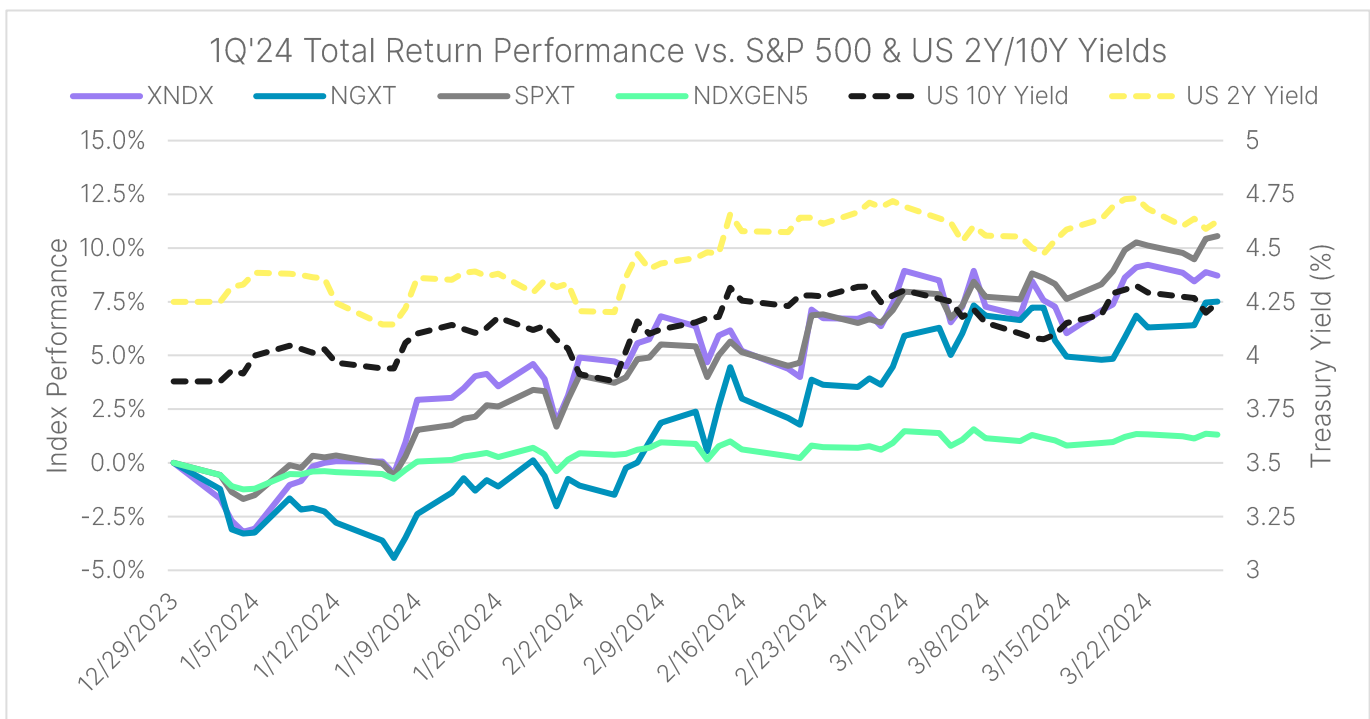
# Nasdaq Generations 5™ Index: 1Q'24 Performance & Fundamentals Review

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The Nasdaq Generations 5 Index (NDXGEN5™) is designed to deliver total-return exposure to the Nasdaq-100® (XNDX®) and the Nasdaq Next Generation 100™ (NGXT™) Indexes, while targeting a constant 5% level of volatility. NDXGEN5 uses the truVol® Risk Control Engine (RCE) to dynamically allocate between the indexes, 10-year and 2-year US Treasury futures, and non-renumrating cash to achieve the volatility target.

In the first quarter of 2024, NDXGEN5 delivered a total return of 1.3%, driven by gains of 8.7% in XNDX and 7.5% in NGXT. US Treasuries ended the quarter with losses however, reflecting rising yields across the curve with the 10-year yield up ~32 bps, while the 2-year yield rose by ~37 bps. As of March 29, NDXGEN5 maintained an allocation of 28.13% to the Nasdaq-100, and 12.06% to the Nasdaq Next Generation 100. This was an increase in its equity exposure compared to allocations of 24.30% and 10.41%, respectively, as of December 31.

In 2023, NDXGEN5 was up 8.5% vs. 55.1% for XNDX and 13.7% for NGXT.



## 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

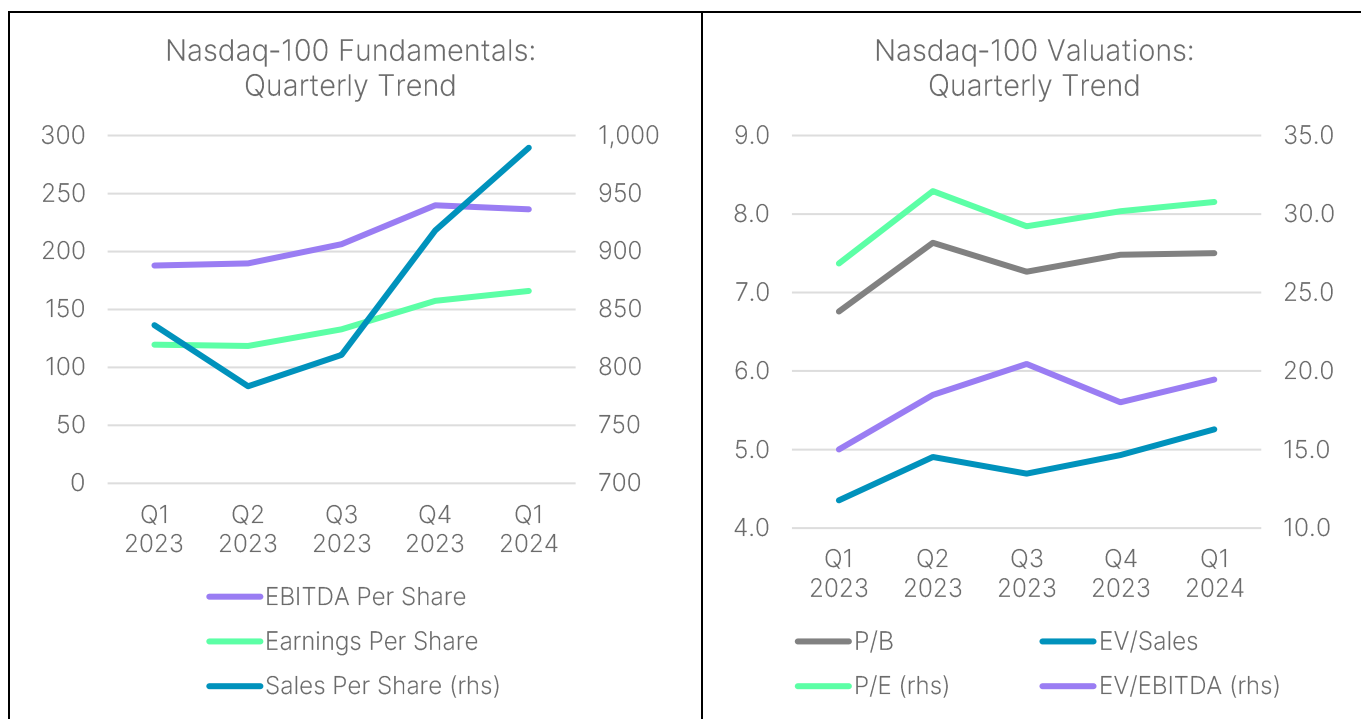
cycle, in reaction to stabilizing inflation rates; the reemergence of a “Big Tech flight-to-safety” in 1Q/2Q during the US regional banking crisis; and generally stronger-than-forecast fundamentals, reversing most of the negative sentiment seen throughout 2022. In the first quarter of 2024, the index continued its upward trajectory despite some increased dispersion in performance among the “Magnificent 7” group of constituents that form the fundamentally solid core of the Nasdaq-100. And yet, for all of the coverage that this group receives, it has been diversified strength in the index’s constituents that has driven a broadening out of the rally in recent months. While the S&P 500 grew its aggregate earnings by 11.7% YoY in 2023, it was the overlapping members of the Nasdaq-100 that disproportionately drove the increase; removing those names, the S&P 500 would have seen earnings growth of only 6.4%. As a point of comparison, S&P 500 earnings growth ex-Mag 7 would have been 5.9%, as this group grew its combined earnings by more than 39% in 2023.

Overall, Nasdaq-100 companies beat their revenue and earnings estimates for the quarter on average by 1.1% and 8.4%, respectively, with the vast majority of the index exceeding on both top and bottom line. Among the Magnificent 7, only Tesla missed estimates on its most recent earnings report. Amazon beat its consensus estimates for EPS by more than 25%, while Meta Platforms beat by over 10%. Nvidia continued its streak of surprising investors to the upside, beating EPS estimates by approximately 12%.

Fundamental Metric	# of Beats / % Weight	# of Misses / % Weight	Average Beat %	Average Miss %
4Q'23 Revenues	68 / 81.5%	32 / 18.5%	2.9%	(2.7%)
4Q'23 Earnings	75 / 84.7%	24 / 15.1%	18.9%	(24.1%)

In terms of overall fundamental growth, the index-weighted Sales per Share for the quarter ending 3/29/24 grew by 7.8% vs. prior quarter, and was 18.3% higher vs. one year ago. Index-weighted EPS was up by a healthy 5.5% vs. prior quarter and up 38.8% YoY. EBITDA was down slightly by 1.4% QoQ, but up a healthy 25.8% YoY.

In terms of index valuations, the index-weighted P/E ratio rose slightly to 30.8 by the end of Q1'24, from 30.2 at end of Q4'23. P/B and EV/Sales ratios also rose slightly, in-line with P/E, while EV/EBITDA rose from 18.0 to 19.5.



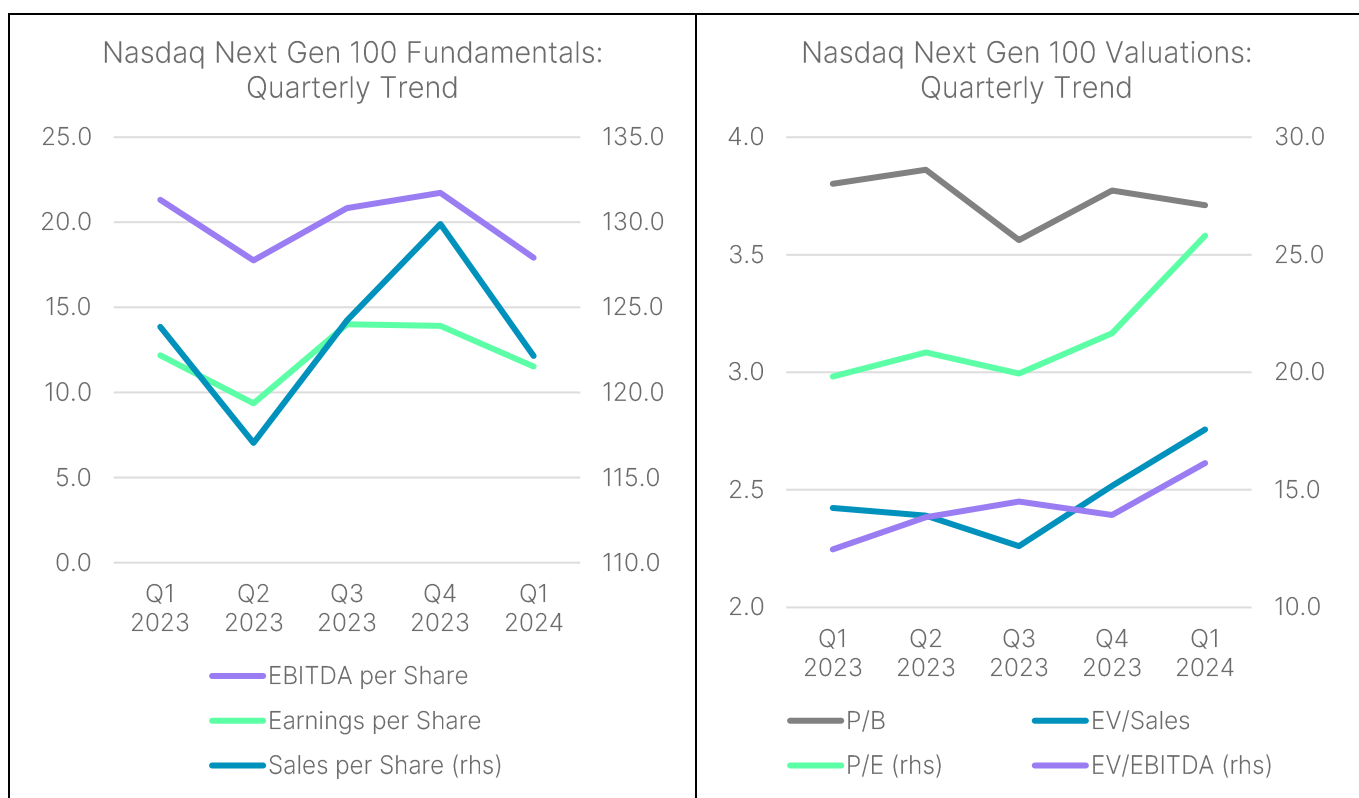
## Nasdaq Next Generation 100 Performance Drivers & Fundamentals Update

Compared to the Nasdaq-100, the Nasdaq Next Generation 100's performance was more muted in 2023 as most of the index struggled to latch onto the momentum of its large-cap complement until the last two months of the year, during which it slightly outperformed with a gain of 17.6% vs. 17.0%. The most recent quarterly earnings season delivered a similar proportion of beats on both the top and bottom line vs. NDX, with similar magnitudes as well – an improvement from the prior quarter.

Fundamental Metric	# of Beats / % Weight	# of Misses / % Weight	Average Beat %	Average Miss %
4Q'23 Revenues	67 / 70.1%	33 / 29.9%	2.8%	(4.3%)
4Q'23 Earnings	72 / 76.8%	28 / 23.2%	21.2%	(22.6%)

In terms of overall fundamental growth, the index-weighted Sales per Share for the quarter ending 3/29/24 contracted by 6.0% vs. prior quarter, and by 1.4% vs. one year ago. Index-weighted (headline) EPS was also down 17.2% QoQ and 5.4% YoY; excluding one-time/extraordinary items, EPS was down 0.8% QoQ and 25.4% YoY. EBITDA was down 17.6% QoQ and 16.0% YoY.

In terms of index valuations, the index-weighted (headline) P/E ratio jumped to 25.8 by the end of Q1'24 vs. 21.7 at the end of Q4'23, and 19.8 at the end of Q1'23, driven by weakening earnings. NGX is thus trading at a substantially discounted valuation to NDX, justifiable in light of its weaker fundamentals. Furthermore, it is well below peak valuations observed in Q1'21-Q2'21 which were in the range of 65-70 on a headline basis, and as high as 221 on an adjusted, before-extraordinary-items basis.



Sources: Nasdaq Global Indexes, FactSet, Bloomberg, Salt Financial.

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*About Salt Financial and their award-winning approach to volatility control:*

*Salt Financial LLC is a leading provider of index solutions and risk analytics, powered by the patent-pending truVol® Risk Control Engine (RCE). We leverage the rich information contained in intraday prices to better estimate volatility to develop index-based investment products for insurance carriers, investment banks, asset managers, and fund sponsors. Salt is committed to collaborating with industry leaders to empower the pursuit of financial outperformance for investors worldwide. For more information, please visit [www.saltfinancial.com](http://www.saltfinancial.com).*

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