

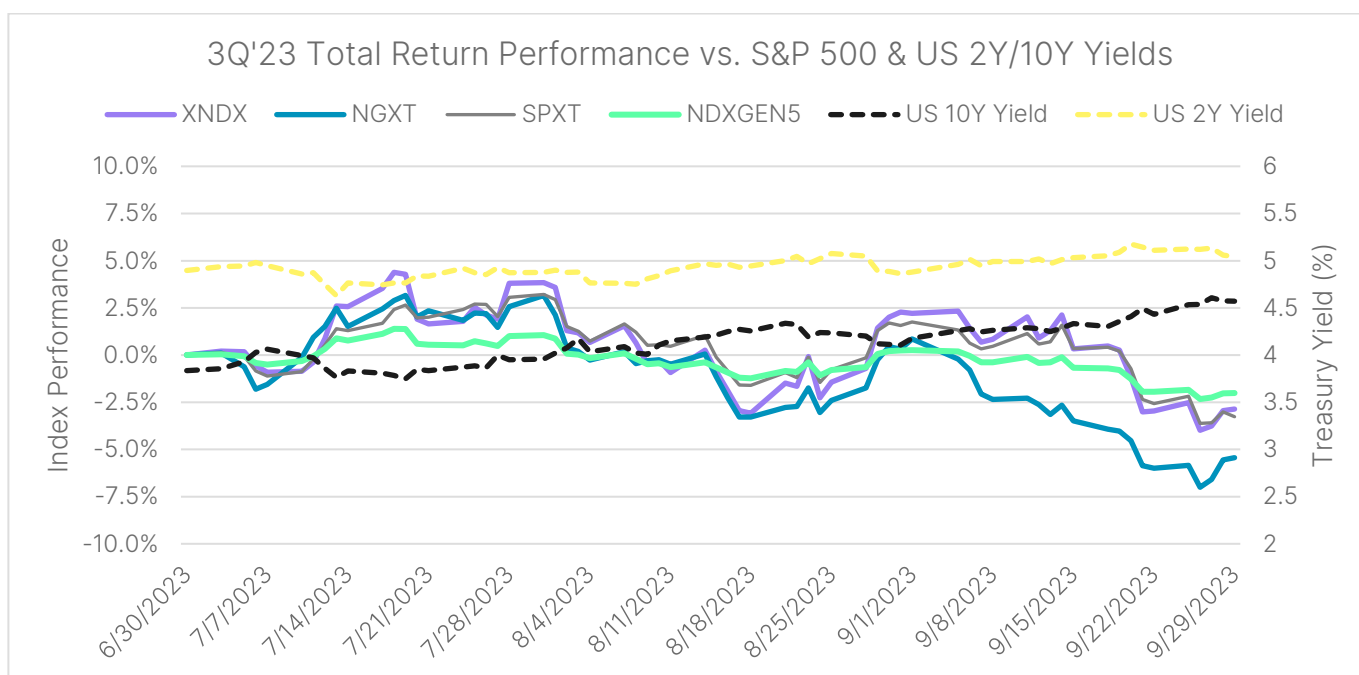
Nasdaq Generations 5™ Index: 3Q'23 Review

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

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 third quarter of 2023, NDXGEN5 delivered a total return of -2.0%, driven by losses of -2.9% in XNDX and -5.4% in NGXT. US Treasuries also ended the quarter with losses, reflecting yield steepening in the long end of the curve with the 10-year yield up +73bps, while the 2-year yield also increased by +15 bps. In comparison, the S&P 500 (SPXT) delivered a total return of -3.3%. As of September 30, NDXGEN5 maintained an allocation of 18.76% to the Nasdaq-100, and 8.04% to the Nasdaq Next Generation 100. This was a reduction in its equity exposure compared to allocations of 25.94% and 11.12%, respectively, as of June 30.

On a YTD basis, NDXGEN5 is still up 4.5% vs. 35.4% for XNDX and 3.7% for NGXT.



Nasdaq-100 Performance Drivers & Fundamentals Update

After the best first half of performance in the index's history since 1985, the Nasdaq-100 began encountering overhead resistance in mid-late July, coinciding with the special rebalance that went effective on July 24. It was only the 3rd special rebalance in the index's history, implemented as a result of the biggest names in the index breaching a concentration threshold of 48% of index weight. As a result, these constituents – Apple, Microsoft, Alphabet, Amazon, Tesla, and Nvidia – saw their collective weight reduced back down to 40%. Their first half performance propelled the index higher, reflecting 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 some of the negative sentiment seen throughout 2022. On average, the "Magnificent 7" (previously mentioned names in the special rebalance, plus Meta Platforms) gained 99% in the first half of 2023, delivering 32% of the Nasdaq-100's 43% total return.

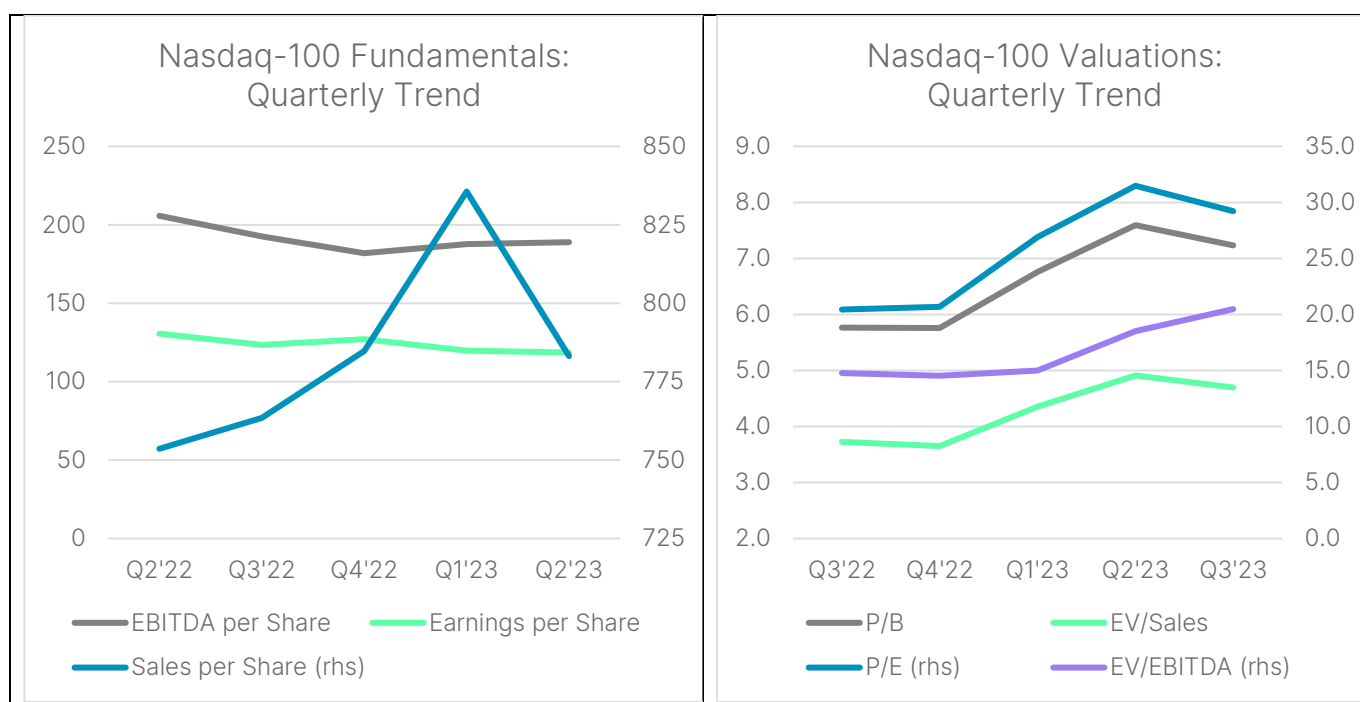
In stark contrast, the Magnificent 7 constituents were down approximately 9%, on average, in the 3rd quarter of 2023. Apple led the way down with a loss of 11.6%, contributing nearly half of the index's overall quarterly loss. Apple has faced increasing investor concern around its ability to grow revenues, especially with regard to iPhones in China. Apple was also the only one of the Magnificent 7 to not show a measurable beat vs. consensus estimates for revenue during its 2Q earnings release, although they did beat EPS estimates by 5.4%. On average, the Magnificent 7 beat their top-line estimates by 2.8%, and bottom-line by 19.2%.

Overall, Nasdaq-100 companies beat their estimates for the quarter on average by 1.8% and 28.2%, respectively, with the vast majority of the index exceeding on both top and bottom line.

Fundamental Metric	# of Beats / % Weight	# of Misses / % Weight	Average Beat %	Average Miss %
2Q'23 Earnings	81 / 91.3%	19 / 8.7%	37.1%	(9.7%)
2Q'23 Revenues	78 / 85.6%	22 / 14.4%	2.9%	(2.4%)

In terms of overall fundamental growth, the index-weighted Sales per Share for Q2'23 dipped to \$783.19 vs. \$835.59 in Q1'23, but still 4% higher than the Q2'22 value of \$753.61. Index-weighted EPS was flat vs. prior quarter and down -9% YoY. EBITDA was similarly flat QoQ and down -8% YoY.

In terms of index valuations, the index-weighted P/E ratio dipped back below 30 by the end of Q3'23. P/B and EV/Sales ratios also dipped slightly, in-line with P/E, while EV/EBITDA rose to above 20.



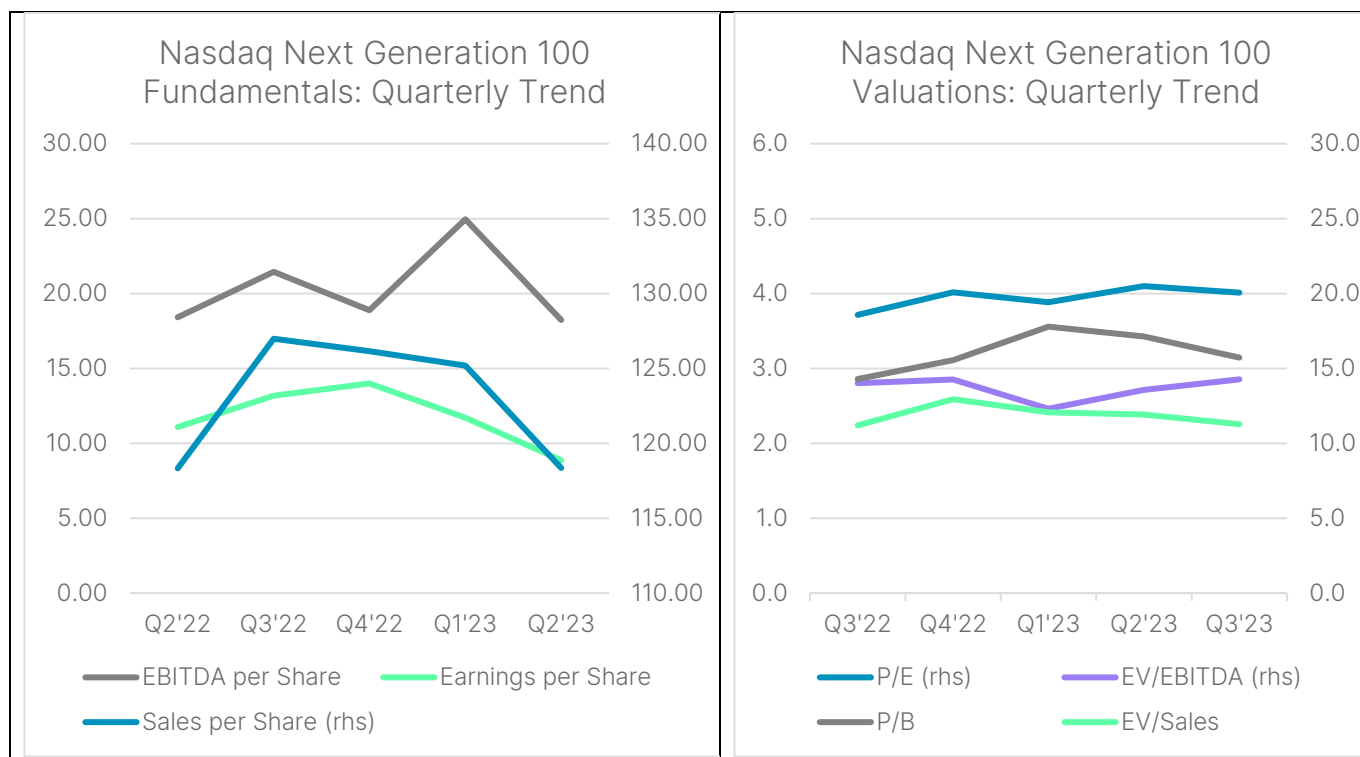
Nasdaq Next Generation 100 Performance Drivers & Fundamentals Update

Compared to the Nasdaq-100, the Nasdaq Next Generation 100's performance has been decidedly muted in 2023, as most of the index has struggled to latch onto the momentum of its large-cap complement. This has been reflected at least in part by trends in index fundamentals, with the most recent quarterly earnings delivering far fewer beats on the top line (on average, missing estimates by -0.7%). And despite a similar frequency of beats on the bottom line, the companies that missed estimates tended to do so by a large margin: -51.9%, on average.

Fundamental Metric	# of Beats / % Weight	# of Misses / % Weight	Average Beat %	Average Miss %
2Q'23 Earnings	82 / 81.4%	15 / 16.1%	45.3%	(51.9%)
2Q'23 Revenues	62 / 63.1%	36 / 36.6%	3.2%	(7.5%)

In terms of overall fundamental growth, the index-weighted Sales per Share for Q2'23 dipped to \$118.36 vs. \$125.19 in Q1'23, and flat YoY. Index-weighted EPS was down -24% vs. prior quarter and down -20% YoY. EBITDA was similarly down -27% QoQ but down only -1% YoY.

In terms of index valuations, the index-weighted P/E ratio was relatively unchanged, down to 20.1 by the end of Q3'23 vs. 20.5 at the end of Q2'23, and 18.6 at end of Q3'22. NGX is thus trading at a substantial discount of approximately 33% to NDX. Furthermore, it is well below peak valuations observed in Q1'21-Q2'21 which were in the range of 65-70.



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

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.

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