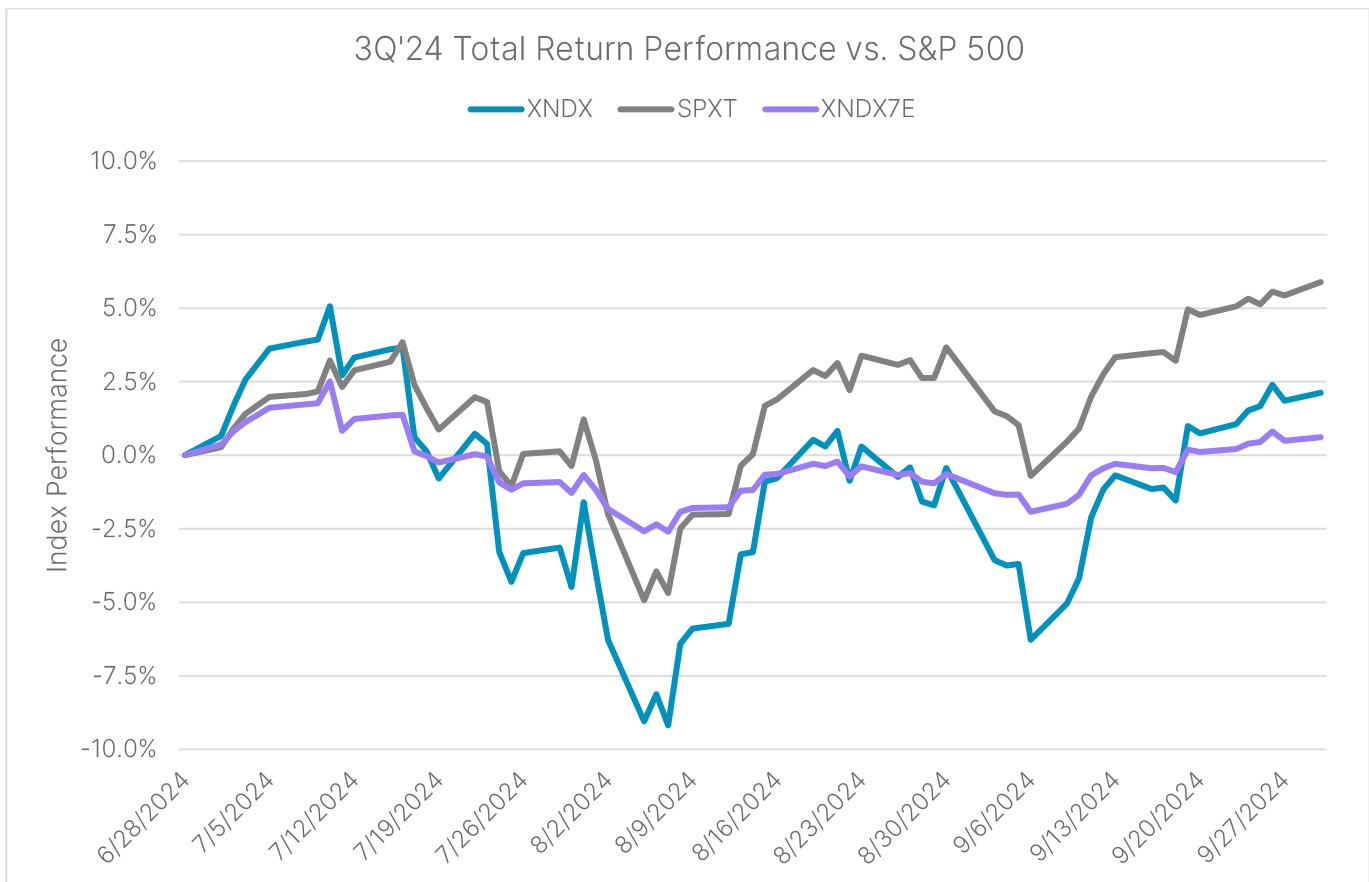


Nasdaq-100 Volatility Control 7%™ Index: 3Q'24 Performance & Fundamentals Review

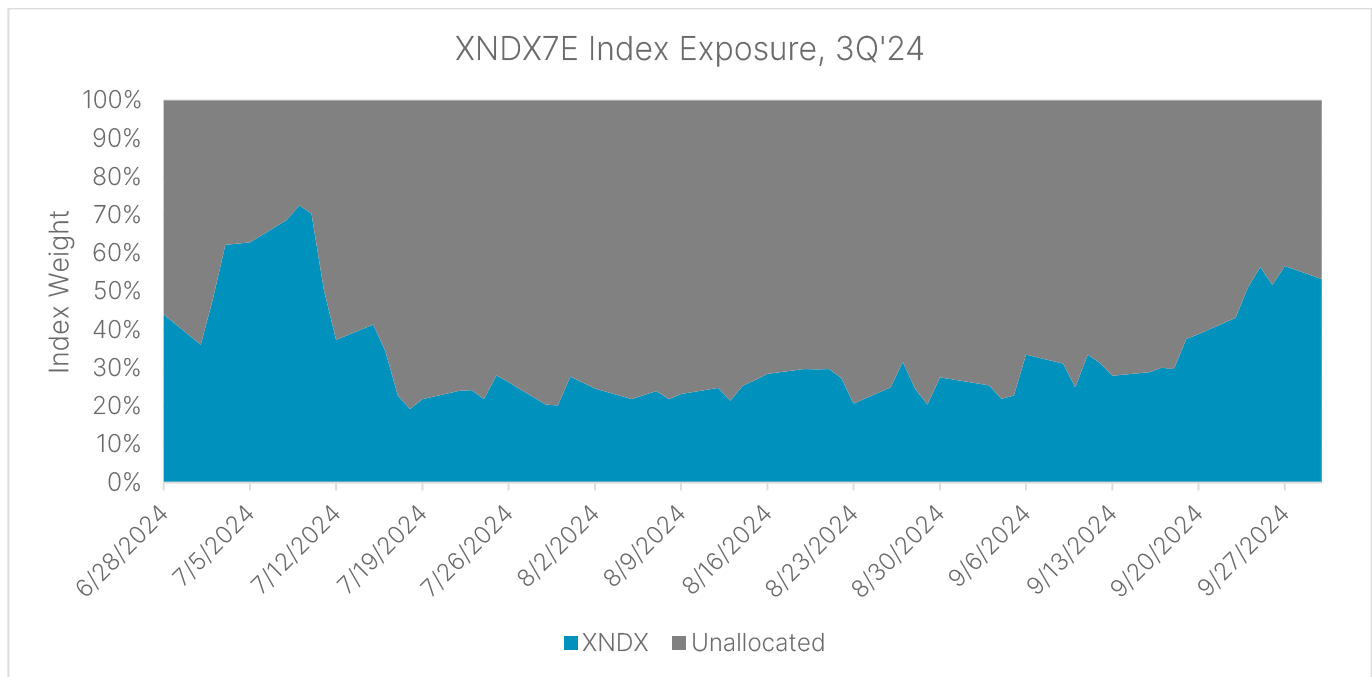
Mark Marex, CFA, *Senior Director*, Nasdaq Index Research & Development

The Nasdaq-100 Volatility Control 7% Index (XNDX7E™) is designed to deliver total-return exposure to the Nasdaq-100 Index® (XNDX®), while targeting a constant 7% level of volatility. XNDX7E uses the truVol® Risk Control Engine (RCE) to dynamically allocate between the index and non-remunerating cash (i.e., “unallocated” exposure) to achieve the volatility target. As XNDX7E is an excess return index, it is important to keep in mind not only the constantly changing level of equity exposure (by design, to meet the 7% volatility target), but also the impact of financing costs on final index returns. With an effective Fed Funds rate of 5.33% thru Sept 2024, the drag on index returns from financing costs alone was approximately 1.33% each quarter.

In the third quarter of 2024, XNDX7E delivered a total return of 0.61%. XNDX experienced a gross return of 2.12% in the quarter, underperforming the S&P 500 (SPXT) which was up 5.89%.



As of September 30, XNDX7E maintained an allocation of 53.2% to the Nasdaq-100®, with the rest unallocated. This was an increase in its equity exposure compared to an allocation of 44.0% as of June 28. Average exposure to XNDX throughout the quarter was 33.4%, with the rest unallocated.



Nasdaq-100 Performance Drivers & Fundamentals Update

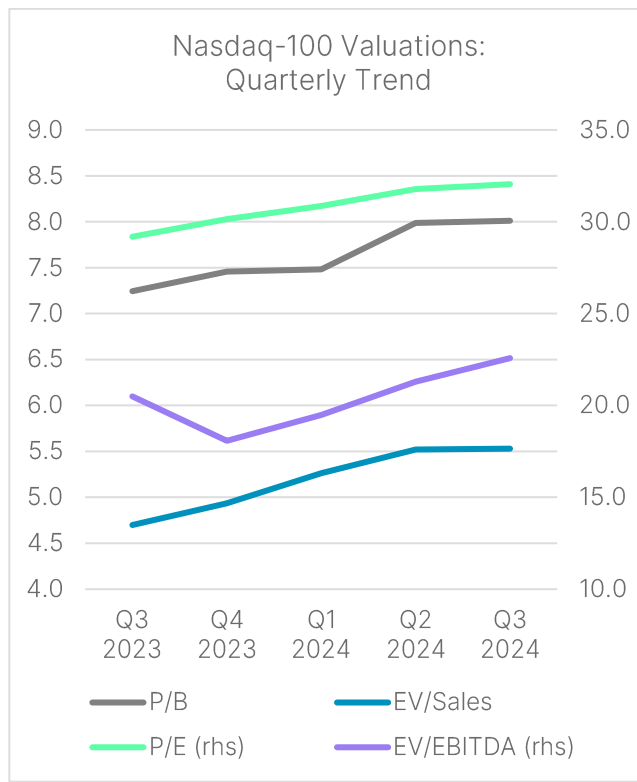
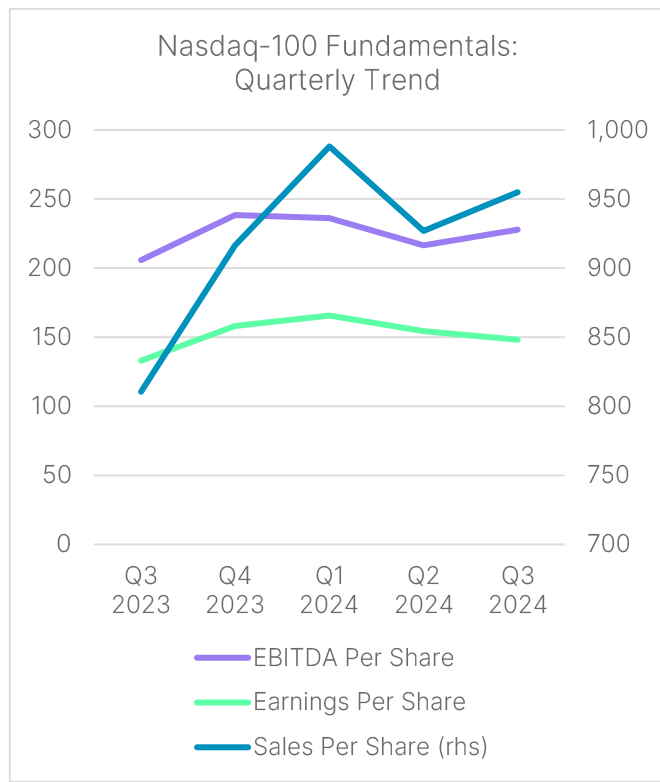
After the best year of performance for the index since 1999, the bar was set pretty high for the Nasdaq-100 heading into 2024. The index's historic gains in 2023 reflected a combination of unique factors: the emergence of AI as a massive new, secular growth driver for most of the largest NDX® constituents; 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 three quarters of 2024, the index continued its upward trajectory despite a mild correction in April and a modestly sharper one in July/August, driven by continued strength in index fundamentals. Through Sept 30, the Nasdaq-100 has generated YTD total returns of 20.0%.

Overall, Nasdaq-100 companies beat their revenue and earnings estimates for the quarter on average by 1.9% and 6.5%, respectively, with the majority of the index exceeding on both top and bottom line. Among the Magnificent 7, only Tesla missed its earnings estimate on its most recent report, continuing a string of weakness in recent quarters – but did beat its revenue estimates; Amazon had a very slight miss on revenues, but an impressive (22%) beat on earnings. Meta Platforms beat its consensus estimates for EPS by 9.4%, while Nvidia continued its streak of surprising investors to the upside, beating EPS estimates by 5.2%. The rate of beats (by index constituent count and index weight) on bottom-line was nearly unchanged vs. prior quarter, while ticking down a bit on top-line. Those few missing earnings expectations did so at greater magnitudes than in the previous quarter, with particularly weak results from Warner Brothers Discovery and DoorDash.

Fundamental Metric	# of Beats / % Weight	# of Misses / % Weight	Average Beat %	Average Miss %
2Q'24 Revenues	67 / 77.5%	33 / 21.6%	3.5%	(1.5%)
2Q'24 Earnings	81 / 88.3%	19 / 10.8%	13.3%	(21.9%)

In terms of overall fundamental growth, the index-weighted Sales per Share for the quarter ending 9/30/24 grew by 3.0% vs. prior quarter, and was 17.8% higher vs. one year ago. Index-weighted EPS was down 4.0% vs. prior quarter, but grew 11.4% YoY. EBITDA was up by 5.2% QoQ, and a healthy 10.7% YoY.

In terms of index valuations, the index-weighted P/E ratio was nearly unchanged at 32.0 by the end of 3Q'24, up from 31.8 at end of 2Q'24. P/B and EV/Sales ratios also stayed flat, in-line with P/E, while EV/EBITDA rose from 21.3 to 22.6.



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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