

AI ROI in the Nasdaq-100®

A Few Big Winners, Many Still Waiting

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Overview

In 2025, the Nasdaq-100 Index® delivered a strong double-digit total return of roughly 21%. But that headline performance masked a highly uneven reality beneath the surface, one that continues to define market behavior in early 2026.

Gains tied to artificial intelligence (AI) were heavily concentrated in those companies that could show near-term financial returns. For most constituents, AI enthusiasm alone was not enough.

Rather than lifting the index broadly, AI functioned as a sorting mechanism. Companies that translated AI investment into revenue growth, margin expansion, or a clear competitive advantage were rewarded aggressively. Those that could not, even if they were investing heavily and promoting long-term potential, were met with skepticism.

As a result, a small group of stocks drove a disproportionate share of the Nasdaq-100's gains, while much of the index lagged.

By year-end 2025, 65 of the index's 110 constituents (inclusive of index changes) posted positive total returns, but only 30 outperformed the index itself. Additionally, the top 10 securities comprised 52% of index weight and delivered an average total return of 35% in 2025. Performance dispersion has persisted into 2026, reflecting a shift in investor behavior.

65 / 110

Constituents with positive total return in 2025

30

Companies that outperformed the index itself

10

Names (52% of weight) delivered an average total return of >35% in 2025

Broad AI optimism has given way to a sharper focus on monetization and measurable return on investment (ROI) — a theme that was front and center at the 2026 Consumer Electronics Show (CES), where AI was no longer treated as a novel feature but as a baseline capability expected to deliver tangible, real-world results.

The AI Product Lifecycle: A Framework

The first wave of AI-driven returns came from chipmakers and infrastructure providers, where demand translated quickly into revenue and earnings growth. That pattern is not coincidental; it follows the logic of a product lifecycle.

Think of AI adoption as moving through four stages, each progressively further from the original source of investment and each carrying a longer lag before returns are visible in financial statements.

Fastest / most visible ROI → Longest timeline / least visible ROI

STAGE 1	STAGE 2	STAGE 3	STAGE 4
Infrastructure	AI-native platforms	AI integrators	Enterprise adopters
NVDA, AVGO, MU	GOOGL, META, PLTR	MSFT, ADBE, INTU	BKNG, SBUX, MAR

Stage 1 — Infrastructure providers

Chipmakers, networking hardware companies, and memory manufacturers sit closest to the source of AI spend. When hyperscalers commit capital, these companies see it in their order books within quarters. Every dollar of AI capex is essentially their revenue. Nvidia (NVDA) sold virtually every accelerator it could produce. Broadcom's (AVGO) backlog climbed to \$73 billion. Micron's (MU) memory business entered a supercycle. The ROI story was relatively straightforward: demand drove volumes, pricing power, and near-term earnings growth.

Stage 2 — AI-native platform companies

Large platforms that both build and deploy AI, including Alphabet (GOOGL/GOOG), Meta (META), and Palantir (PLTR), generated real but less direct returns. AI improved their core products (search quality, ad ranking, workflow automation) while simultaneously opening new revenue streams. The complexity lies in separating AI-driven growth from existing business momentum. Investors have generally rewarded this group, but selectively; balancing proof points against ongoing spending and, in some cases, regulatory uncertainty.

Stage 3 — AI integrators

Enterprise software names like Microsoft (MSFT), Adobe (ADBE), Workday (WDAY), and Intuit (INTU) are embedding AI into their existing offerings, but the market's feedback loop here tends to be longer. Returns on these AI features are tied to whether they actually drive upsell, help retain customers, or pull in new ones. Evidence for these impacts typically shows up in metrics like attach rates and net revenue retention, not as a clear-cut revenue line. As a result, this cohort is, in our analysis, often misunderstood by investors—not necessarily because their AI efforts aren't delivering, but because the benefits haven't yet surfaced in the headline numbers that markets are focused on.

Stage 4 — Enterprise and consumer adopters

The largest segment by constituent count represented in the index includes retailers, hospitality giants, and travel platforms that are actively leveraging AI to streamline their operations: think smarter demand forecasting, adaptive pricing, tailored customer experiences, and enhanced fraud

detection. The impact is tangible, but it doesn't show up as a headline revenue item; instead, it's woven into improved labor efficiency and profitability. This group finds itself at the heart of what industry analysts refer to as the "integration valley", where benefits are real but often hidden beneath the surface.

The integration valley

Enterprise AI adoption often follows a J-curve. Costs rise before returns materialize, creating a window (often 12 to 36 months) where financial statements show elevated spend but limited payoff. Companies in this phase are frequently misread as AI failures.

They may simply be AI-early. The signals to watch for an approaching inflection: improving gross margins, accelerating revenue per user, declining cost per transaction.

The AI Leaders: Execution and Monetization Focus

The first wave of AI-driven returns accrued to chipmakers and infrastructure providers, where demand translated quickly into revenue and earnings growth.

Semiconductors and hardware

Nvidia (NVDA) sold virtually every GPU it could produce in 2025, posting record data-center revenue as cloud providers raced to expand capacity. Data center revenue exceeded \$115 billion for the year, up more than 142% year-over-year. Its shares rose 39% during the year, following a near-quadrupling in 2024. Key KPIs: data center revenue growth, gross margin (~75%), GPU lead times.

Broadcom (AVGO) followed a similar trajectory. Demand for networking and custom silicon surged as AI workloads strained existing GPU-oriented datacenter architectures. Backlog climbed to \$73 billion, and shares gained 51% in 2025. Google's TPUs and Meta's MTIA chips are Broadcom designs, so its revenue is structurally tied to some of the largest AI capex spenders. Key KPIs: AI silicon backlog, networking revenue growth, custom chip design wins.

Micron Technology (MU) surged 240% to become the top-performing Nasdaq-100® stock of 2025. AI servers require 6–8x more memory content than standard servers. Exploding HBM demand triggered what many described as a memory "supercycle," sharply lifting DRAM and flash pricing. Key KPIs: HBM revenue growth (5x YoY), DRAM ASP trajectory.

In both cases, the ROI story was straightforward: AI demand drove higher volumes, pricing power, and near-term earnings growth.

Platform companies

Alphabet (GOOGL/GOOG) used AI to improve efficiency and further accelerate its advertising business, while witnessing historic revenue growth in Google Cloud. Shares climbed 66% in 2025. Key KPIs: Cloud revenue growth rate, Cloud operating margin, Search click-through rate trends.

Meta Platforms (META) began to show operational leverage after years of heavy AI investment, as engagement and ad performance improved. AI-driven improvements to content recommendation contributed to a 6% increase in time spent across its apps. However, Meta's 13% gain underscored a

key nuance that even perceived AI winners were rewarded selectively, with investors balancing proof points against ongoing spending and regulatory uncertainty. Key KPIs: average revenue per user (ARPU), ad impression growth, Reels engagement.

Palantir (PLTR) stood out as a rare example of clear AI monetization in software. Its Artificial Intelligence Platform (AIP) gained rapid traction among commercial customers, driving 137% year-over-year revenue growth in the fourth quarter. The stock climbed 135% in 2025. Key KPIs: commercial revenue growth rate, U.S. commercial customer count, AIP boot camp conversion rates.

Collectively, companies such as Nvidia, Broadcom, Alphabet, Meta, Micron, and Palantir accounted for a disproportionate share of the Nasdaq-100's gains in 2025—a concentration that continues to shape index performance.

Company	2025 Return	Primary AI KPI	2025 Signal
NVDA	+39%	Data center revenue growth	+142% YoY
AVGO	+51%	AI silicon backlog	\$73B
MU	+240%	HBM revenue growth	5x YoY
GOOGL	+66%	Google Cloud revenue	+35% YoY
META	+13%	Time-on-app / ARPU	+6% engagement YoY
PLTR	+135%	Commercial AIP revenue	+137% YoY in Q4

*Source: Nasdaq Global Indexes, Bloomberg

A Closer Look at Microsoft: A More Nuanced Story

Microsoft (MSFT) presents a more nuanced story than a simple "winner" or "laggard" framing allows. For much of the first three years of the AI trade through approximately late October 2025, MSFT was a strong beneficiary, reflecting investor confidence in its early and aggressive AI integration across Azure, Copilot, and GitHub. Its more recent underperformance reflects the market's growing concern about software exposure in the age of AI agents, and the weight of an \$80 billion data center capex commitment for fiscal 2026. Azure, however, continues to deliver approximately 40% annualized growth, a meaningful proof point that AI is translating into real cloud revenue. The story here is not one of failed AI ROI, but of a company navigating the tension between its platform strength and the structural headwinds now facing enterprise software broadly. Key KPIs: Copilot seat count, Azure AI revenue growth rate, free cash flow conversion adjusted for AI capex.

The AI Have-Nots: Investment Without Immediate Payoff

While AI leaders thrived, many Nasdaq-100 companies did not show immediate ROI from AI, and their stocks reflected that reality. Many enterprise software and cloud firms fell into this category.

Adobe (ADBE), Atlassian (TEAM), and Workday (WDAY) posted double-digit declines. Adobe's Firefly platform reached 16 billion generations by year-end—impressive scale, but investors questioned whether generative AI would erode its subscription base before monetization scaled. Workday faces a similar structural question: AI that automates HR and finance workflows could ultimately reduce the seat counts and complexity that its business depends on.

In several cases, investors worried that AI could commoditize parts of existing businesses before meaningfully accelerating growth.

By the second half of 2025, a clear divide had emerged across earnings season. Companies emphasizing AI ambition without delivering financial upside were punished quickly. Those demonstrating AI-driven revenue or efficiency gains were rewarded just as decisively.

The market's message was consistent: monetization matters.

Company	2025 Return	AI Investment Area	Investor/Analyst Concern
ADBE	-22%	Firefly generative AI	Cannibalization before monetization
WDAY	-17%	AI HR / finance workflows	AI reduces the complexity it sells
TEAM	-34%	Atlassian Intelligence	GitHub Copilot displacing core use cases

*Note: Microsoft is treated separately given its mixed performance profile — a strong AI beneficiary through most of 2024 and the first three years of the AI trade, before software-sector headwinds emerged in late 2025. See the section above for a full discussion.

*Source: Nasdaq Global Indexes, Bloomberg

From Hype to Execution

As we head further into 2026, AI has transitioned from being all about hype to focusing on real-world execution. This was especially apparent at CES 2026, where AI was presented not as something novel, but as a standard feature expected to deliver tangible results. Nvidia's Jensen Huang highlighted the advancement of "physical AI," with robotics and autonomous systems evolving from demonstration phases to actual deployment. Meanwhile, Qualcomm (QCOM) and other companies introduced on-device AI processing, making it possible for devices to run AI directly on them, so they don't need to rely as much on cloud services.

The discussion at CES was no longer centered on whether products included AI; instead, the focus shifted to the practical impact of AI and what it can accomplish. [Nasdaq's Index Insights team participated in a research panel with four Nasdaq-100 constituents, each explaining how they are integrating AI into their product lineup, while discussing the pace of AI adoption among their clients.](#)

For Nasdaq-100 companies, the implication is strong. The era when announcing AI initiatives alone lifted valuations has passed.

Two dynamics are making the current environment particularly difficult to navigate.

1. Capex at a scale the market struggles to value

The magnitude of AI capital expenditures has reached a point where assigning value is a real challenge. Amazon's guidance of \$200 billion dollars in AI-related spending is staggering, making it difficult even to conceptualize or model. Microsoft's figure, at \$80 billion dollars, is also unprecedented. Traditional discounted cash flow models simply were not designed to account for investments on this scale, especially when the anticipated revenues remain uncertain, delayed, and dependent on competitive forces that are still evolving.

We can see the impact reflected in Amazon's share performance. AWS is delivering actual growth fueled by AI, but Amazon's stock has lagged behind other cloud infrastructure companies. This is not necessarily a reaction against Amazon's approach; rather, it may be a reflection of genuine uncertainty about how to price these moves. That uncertainty itself becomes a risk.

2. Software in the crosshairs

Markets are now re-evaluating which segments AI might upend, and, based on industry reports, it is clear that software sits directly in the line of fire. AI agents that are capable of handling complex, multi-step tasks present a tangible threat to automating the very workflows traditionally managed by enterprise software. This concern is not just theoretical; the effects are already visible in the shrinking valuation multiples across the software industry, affecting even companies with convincing AI narratives.

Palantir is a solid example. The company has demonstrated real ability to monetize AI at enterprise scale. Its AIP platform drove 70% commercial revenue growth in Q4 2025. And yet PLTR is down 26% from its all-time high as of March 12, 2026. No company is immune to a sector-wide re-rating, regardless of execution.

There remains potential upside for today's laggards as enterprise AI adoption matures. But for now, capital continues to favor proven winners. The true differentiator remains the ability to execute and to show measurable returns on investment.

*Sources: Nasdaq Global Indexes, Bloomberg, FactSet.

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