

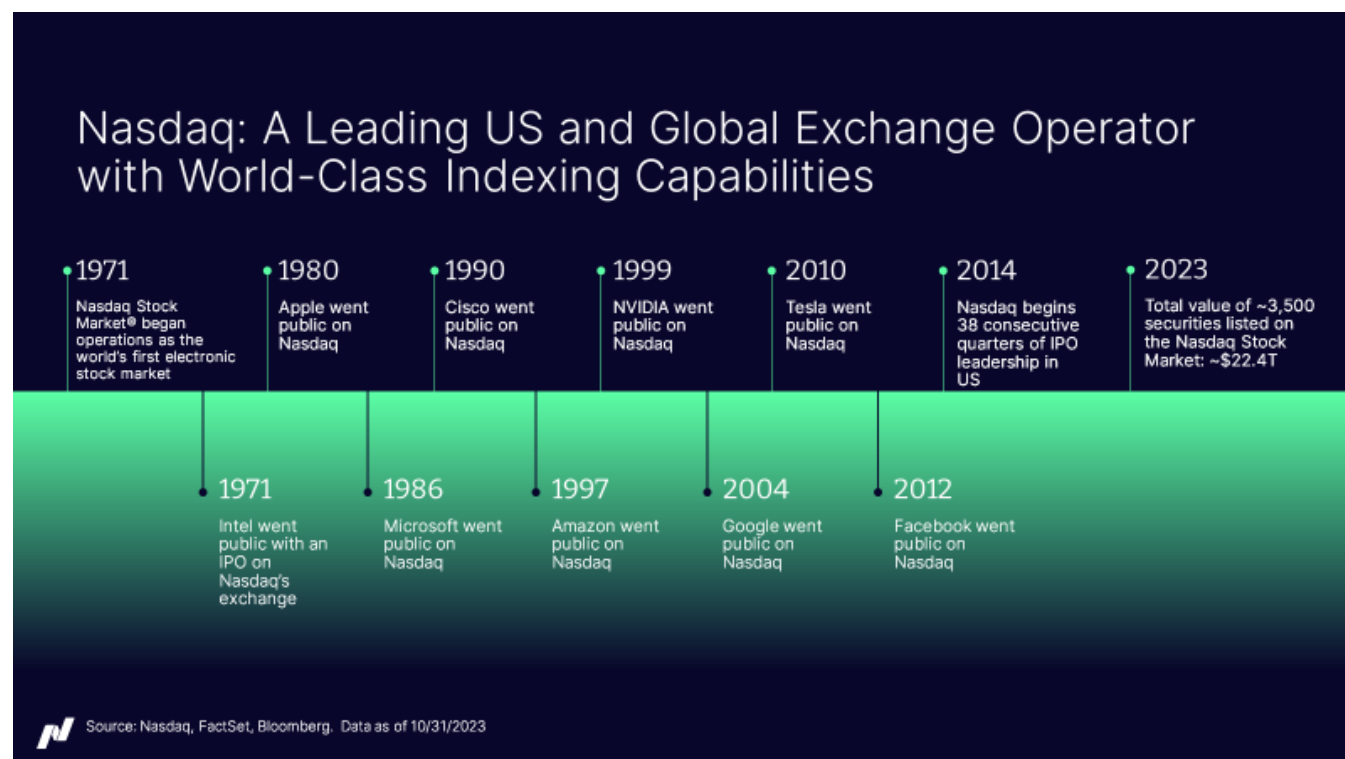
Accessing Nasdaq's Universe of Innovators

October 2023

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The Nasdaq Composite® is a unique exchange-based index encompassing all companies listed on the Nasdaq Stock Market®. It distinguishes itself by not imposing restrictions related to size, sector classification, liquidity, geography, or float. Instead, the sole requirement for inclusion is a Nasdaq listing, resulting in an impressive portfolio of approximately 3,500 stocks that span a diverse range of countries, sectors, and sizes, and boasts a total market cap of \$22.4T.

In 1971, the Nasdaq Stock Market made history as the world's first fully electronic stock exchange, laying the foundation for the Nasdaq Composite. Over the past five decades, this index has expanded to encompass influential global economic players, including Intel (1971), Apple (1980), Microsoft (1986), Cisco (1990), Amazon (1997), NVIDIA (1999), Google (2004), Tesla (2010), and Facebook/Meta (2012). With a focus on innovation and technology, Nasdaq-listed companies have consistently demonstrated resilient business models. As a result, the Nasdaq Composite has naturally emerged as a benchmark for the broader technology sector, innovation as an investment theme, and the modern, digitized economy of the 21st century. It now stands as one of the most widely recognized US equity benchmark indexes, alongside the S&P 500 and the Dow Jones Industrial Average.

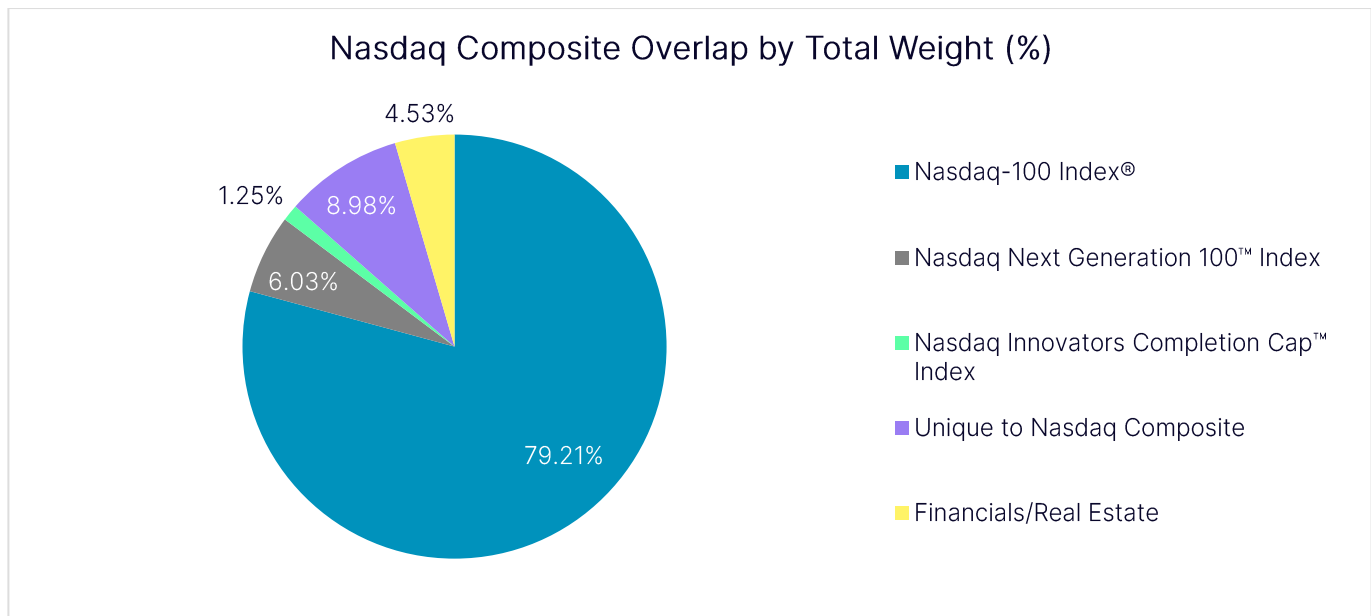


World's Top 10 Exchanges Ranked by Market Cap

Rank	Exchange	Market Cap - USD (Nov '23)	Location	Approx. # of Companies
1	NYSE	\$30.3 T	United States	2,400
2	Nasdaq	\$22.4T	United States	3,500
3	Shanghai Stock Exchange	\$7.3T	China	2,250
4	EuroNext	\$6.7T	Europe	1,900
5	Hong Kong Stock Exchange	\$6.0T	Hong Kong SAR	2,500
6	Shenzhen Stock Exchange	\$4.6T	China	2,800
7	Japan Exchange Group	\$4.5T	Japan	1,650
8	London Stock Exchange	\$4.4T	UK	1,900
9	National Stock Exchange of India	\$3.3T	India	2,100
10	Toronto Stock Exchange	\$2.5T	Canada	1,800

*Data as of October 31, 2023

Over the years, Nasdaq has introduced a range of branded indexes built around Nasdaq-listed companies. Notably, the Nasdaq-100 Index® has gained immense popularity for monitoring the top 100 non-financial companies listed on Nasdaq. To put it plainly, the Nasdaq-100 Index is simply a subset of the Nasdaq Composite starting universe. Around 80% of the Nasdaq Composite's index weightings overlap with the Nasdaq-100, while the remaining 20% gives the Nasdaq Composite a differentiating exposure for investors who seek to track other innovative companies beyond the 100 largest. The Nasdaq Composite also overlaps with the Nasdaq Next Generation 100™ Index (NGX™) and the Nasdaq Innovators Completion Cap™ Index (NCX™). The Nasdaq Composite has approximately 13.5% of differentiated exposure from the Innovation Suite, including 4.5% of Financials and Real Estate exposure.

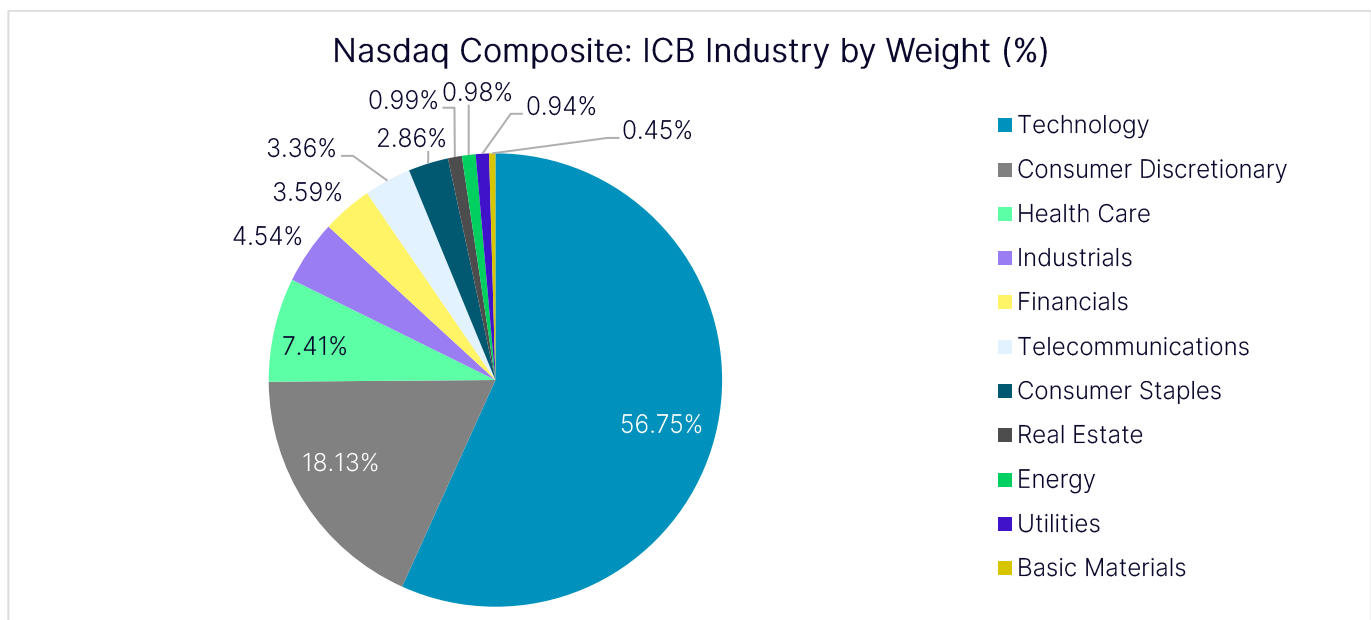


The Nasdaq Composite provides access to the largest Nasdaq-listed companies, often referred to as the "Magnificent 7" (Apple, Microsoft, Amazon, NVIDIA, Alphabet A/C, Meta, and Tesla), while simultaneously offering a diversified portfolio of thousands of smaller Nasdaq-listed firms. Many of these smaller companies hail from sectors beyond Technology, such as Health Care and Financials. This diversified sector exposure and the inclusion of Financials and Real Estate stocks, coupled with its larger basket size, distinguishes the Nasdaq Composite from the Nasdaq-100®, despite their historically strong performance correlation.

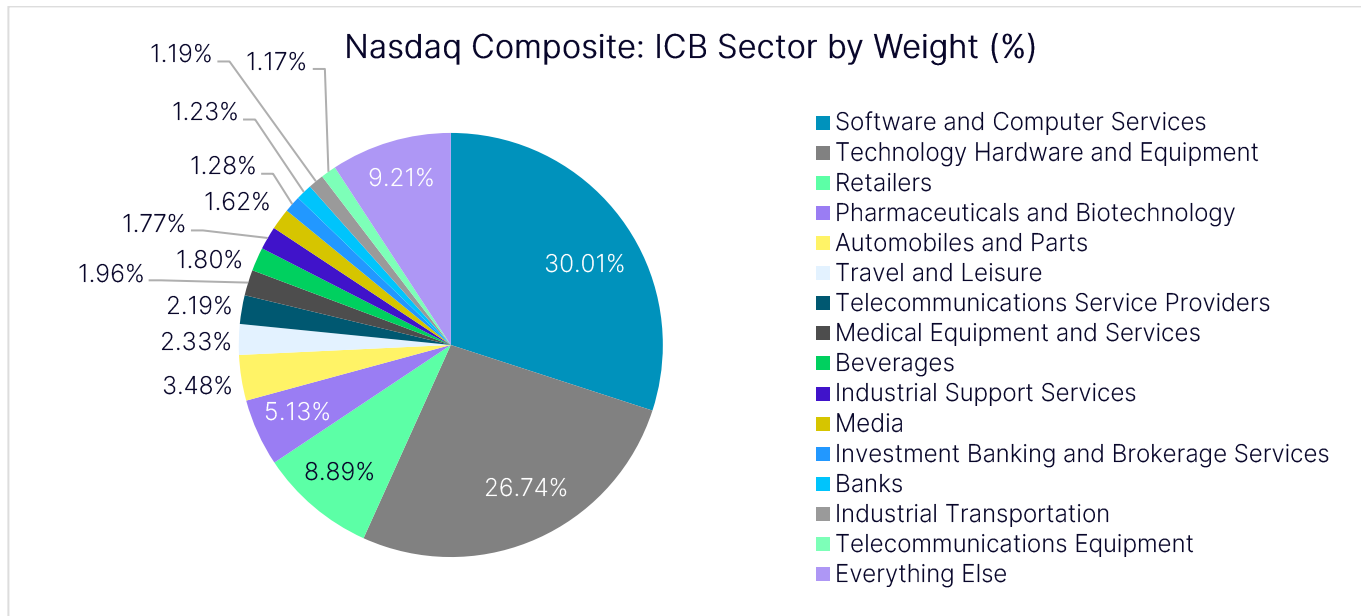
Another factor that sets the Nasdaq Composite index apart is the fact that it is refreshed daily using a straightforward market cap-weighted methodology. In other words, once a stock is listed on the Nasdaq for at least a day, it is included in the Nasdaq Composite the following day. Some recent additions include Arm Holdings and Instacart, whose IPOs took place in September 2023. The Nasdaq-100, on the other hand, is reconstituted annually in December and rebalanced quarterly. Furthermore, to be eligible for inclusion in the Nasdaq-100, companies must meet a three-month seasoning requirement, in addition to meeting other liquidity requirements.

Although 95% of the Nasdaq Composite’s total weight provides US exposure through over 2,700 individual stocks, the Nasdaq Stock Market is home to many primary and secondary listings of companies worldwide, giving the Nasdaq Composite approximately 5% of non-US exposure. The three largest weighted non-US countries (based on domicile) are the United Kingdom (0.58%), the Netherlands (0.55%), and Ireland (0.50%). By member count, China has the highest number of Nasdaq-listed companies at 176, which accounts for 0.45% of the index weight. Some examples of non-US companies in the Nasdaq Composite include AstraZeneca PLC (United Kingdom), Lululemon Athletica (Canada), and Logitech International (Switzerland).

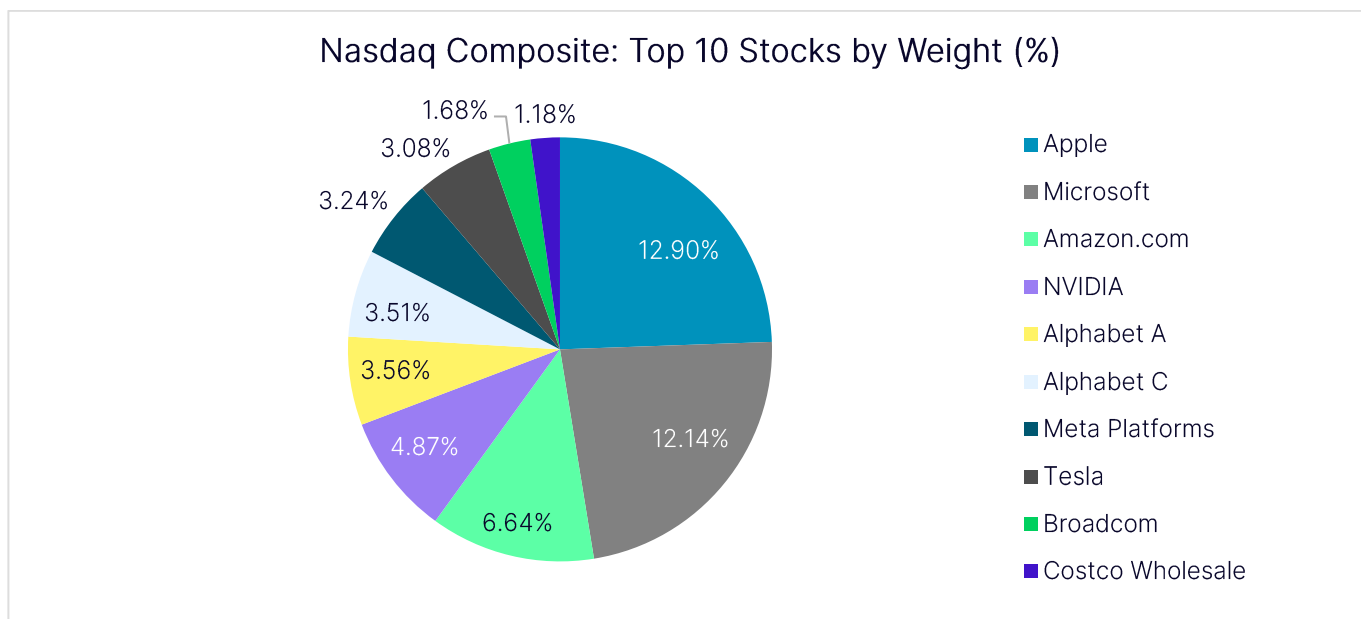
As of October 31, 2023, 3,473 stocks comprise the Nasdaq Composite, spanning all 11 ICB Industry groups. Technology has the most significant weighting at 56.75%, followed by Consumer Discretionary at 18.13%. Health Care is another notable sector weighting, accounting for 7.41% of the index, while Financials, which are methodologically excluded from the Nasdaq-100, comprise 3.59% of the index.



Taking it one step beyond industry groups, the Nasdaq Composite provides exposure to more than 45 ICB Sectors. The top 15 sectors by weight account for 91% of the Nasdaq Composite and include Financial-related areas not found in the Nasdaq-100 such as Banks, and Investment Banking & Brokerage Services. Currently, the top group by weight is Software and Computer Services at 30%, followed by Technology Hardware and Equipment at approximately 27%, both of which roll up to the broader Technology industry group. Other sector groups with notable allocations include Retailers, Pharmaceuticals & Biotechnology, and Automobiles & Parts.



At 12.90%, Apple is the Nasdaq Composite's largest stock by weighting, followed closely by Microsoft at 12.14%. The top 10 largest weighted stocks account for over 52% of the Nasdaq Composite's total index weight and include Amazon (6.64%), NVIDIA (4.87%), Alphabet A (3.56%), and Alphabet C (3.51%). The majority of the top 10 are classified as Technology, with the exception of Amazon, Tesla, and Costco, which are considered Consumer Discretionary.



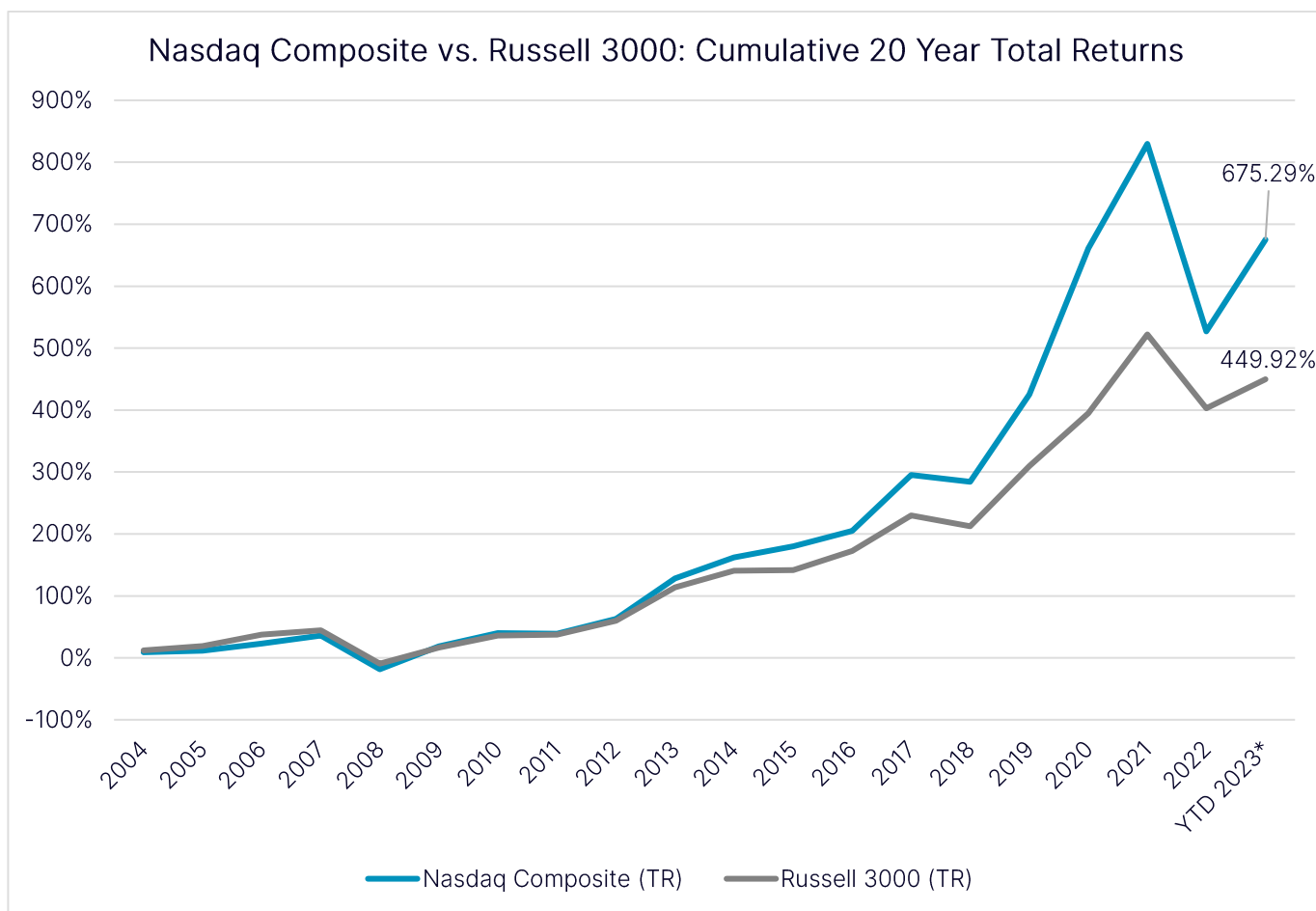
"The Nasdaq" is frequently associated with the world of technology, but the Nasdaq Composite extends far beyond the realm of major tech companies. Within its extensive list of constituents spanning all 11 ICB Industry groups, there are many innovative companies worth recognizing. While some of these companies might be categorized as "tech-aligned," many others represent innovation within their specific segments of the equity market.

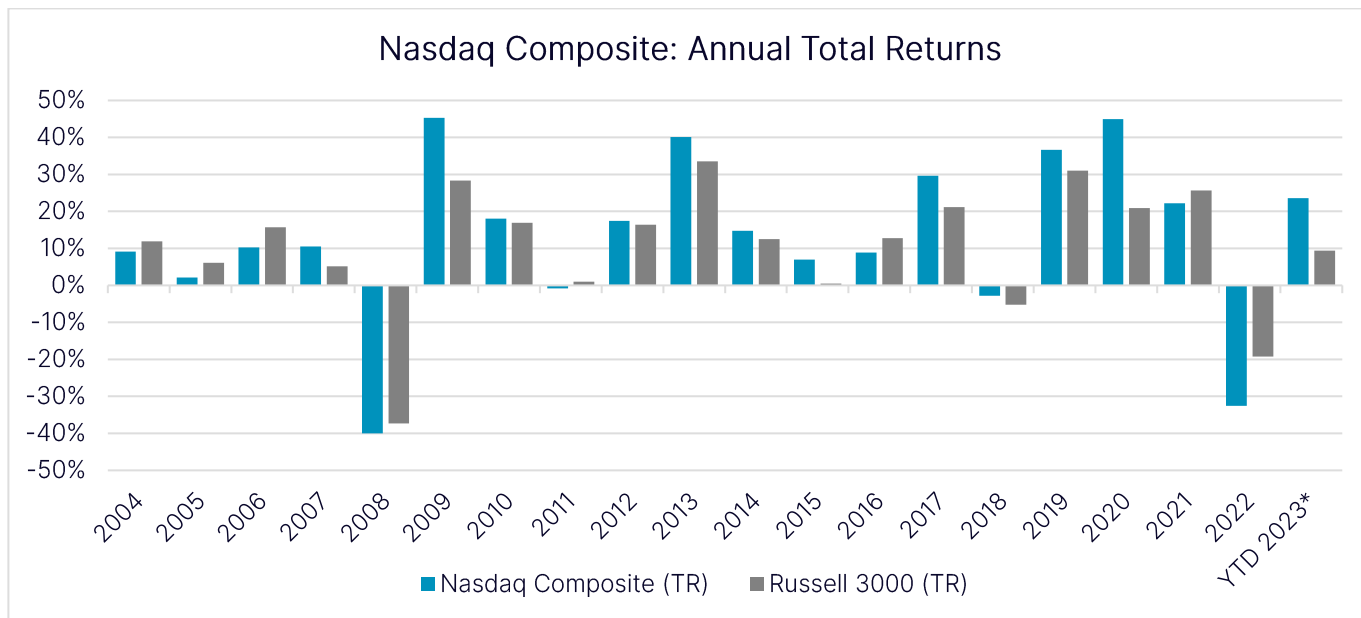
Here are a few examples:

- Basic Materials: Steel Dynamics
- Consumer Discretionary: Airbnb, Allbirds, Crocs, Malibu Boats, Rent the Runway
- Consumer Staples: Beyond Meat, Keurig Dr. Pepper, Monster Energy, Walgreens
- Energy: Chesapeake Energy, Plug Power, SunPower,
- Financials: Carlyle Group, Coinbase, Nasdaq, Robinhood,
- Health Care: 23andme, Amgen, Soligenix, Sonoma Pharmaceuticals
- Industrials: CSX Transports, Honeywell, PayPal
- Real Estate: CoStar, Zillow
- Telecommunications: Cisco, T-Mobile
- Utilities: Constellation Energy Group, Xcel Energy

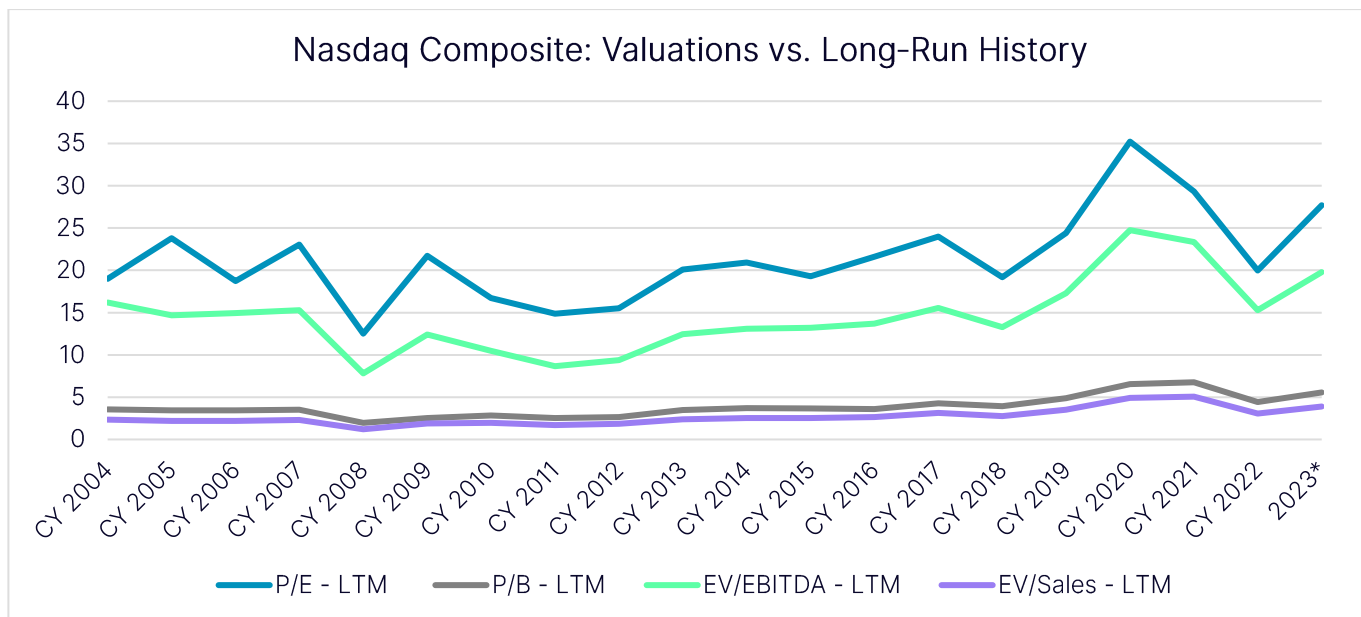
These diverse entities showcase the breadth and depth of the Nasdaq Composite's composition, highlighting the range of innovative businesses it encompasses.

When compared to a competing benchmark like the Russell 3000, the Nasdaq Composite's performance stands unparalleled. Over the past two decades, the Nasdaq Composite has consistently outperformed the Russell 3000, surpassing it by over 225% on a total return basis. This translates to an annualized return of 10.9% for the Nasdaq Composite compared to 9.0% for the Russell 3000. Analyzing yearly performance, the Nasdaq Composite has outpaced the Russell 3000 in 12 of the last 20 years. While there have been occasional underperforming years, the Nasdaq Composite has generally maintained its dominance. Particularly notable are the years 2009, 2020, and the current year, 2023, which have witnessed the most substantial outperformance. Up to October 31, 2023, the Nasdaq Composite has exceeded the Russell 3000 by more than 14% on a year-to-date basis.



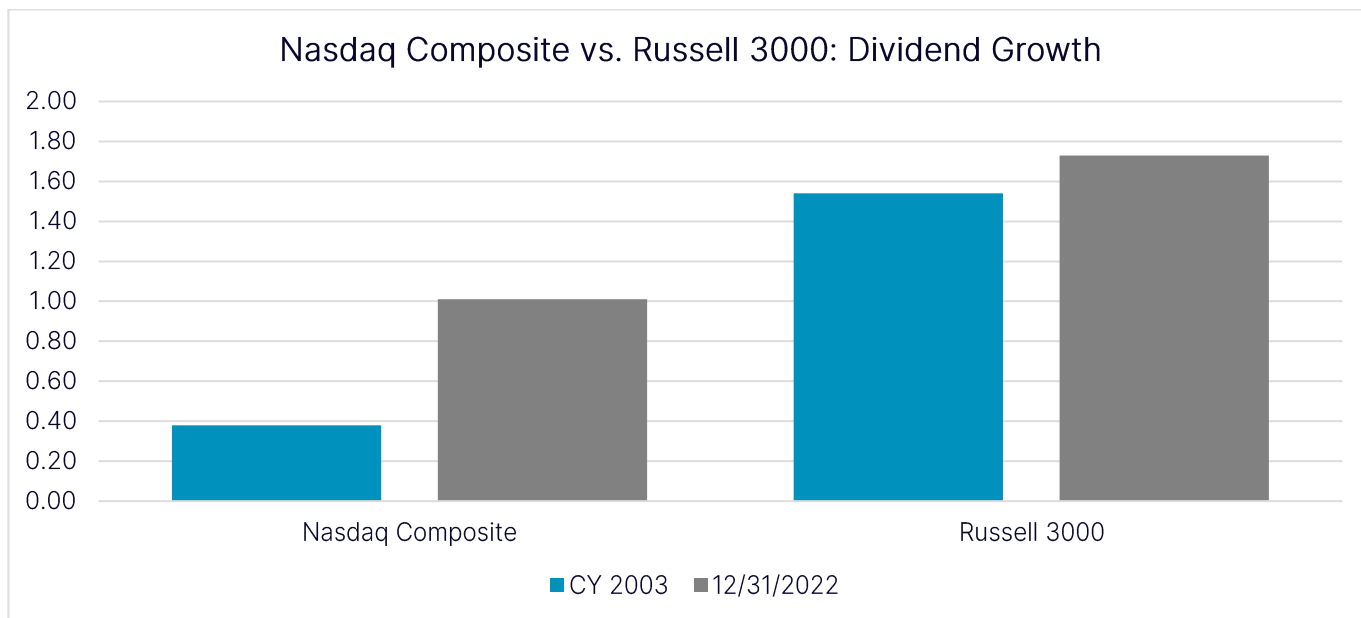
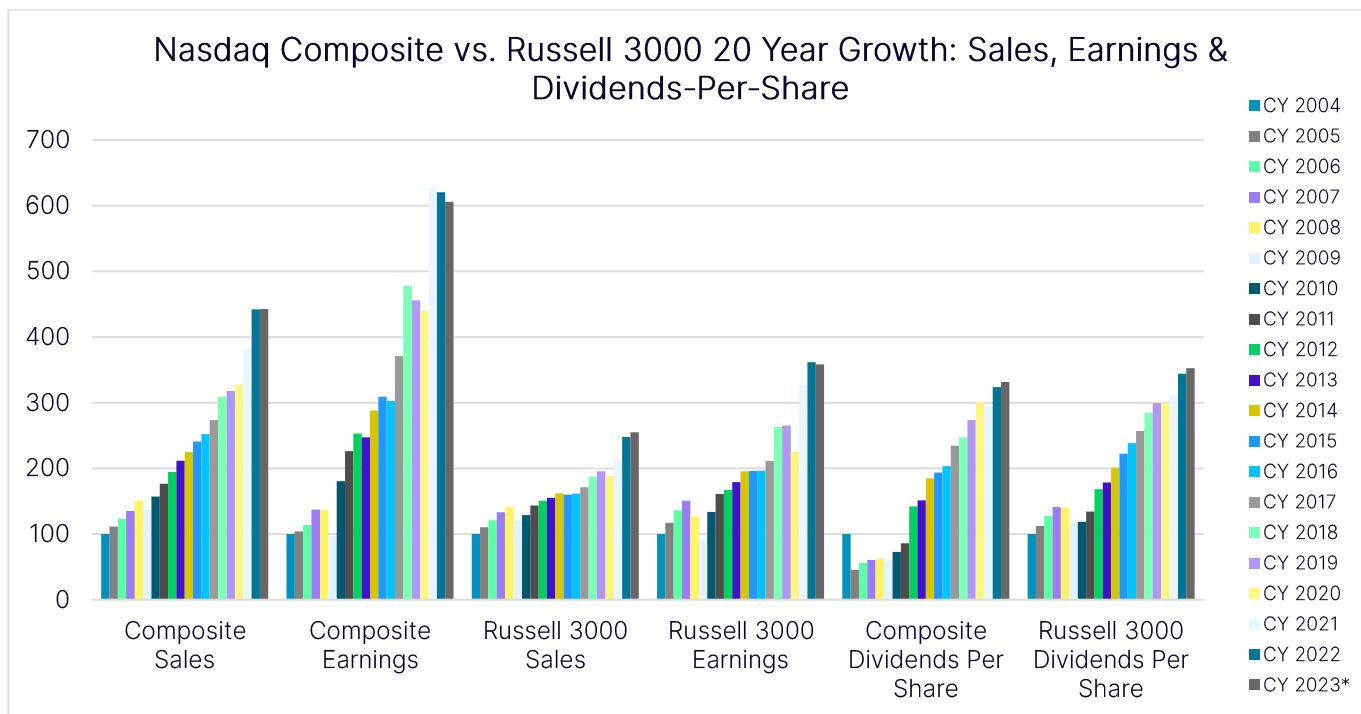


Fundamental data supporting the Nasdaq Composite has significantly improved over the past decade, even in the face of economic volatility and the most severe financial market collapse since the Great Depression. Earnings, a fundamental metric for assessing a company's value, have witnessed a substantial surge, indicating that businesses have matured by diversifying their revenues while simultaneously trimming costs. Consequently, dividends have risen, and the price-to-earnings ratio has moved below its 10-year average. Whether you consider valuations based on price-to-earnings, price-to-book, EV-to-EBITDA, or EV-to-Sales, each metric hovers close to its respective 10-year average.



Furthermore, over the last two decades, the Nasdaq Composite has achieved an impressive compounded annual growth rate (CAGR) of 7.8% in index-weighted revenues, while earnings have experienced a 9.5% CAGR. In contrast, the Russell 3000 has seen its sales and earnings grow by only 4.8% and 6.6%, respectively. In a related comparison, the Nasdaq Composite's dividend yield has grown cumulatively by 166% over the last two decades, a stark contrast to the Russell 3000's 12% dividend growth during the same period. When considering dividends per share, the Nasdaq Composite has seen a 232% increase, slightly

overshadowed, but right in step with, the Russell 3000's 252% rise. These figures highlight the Nasdaq Composite's evolution from its historical reputation as an index providing minimal income.



In summary, the Nasdaq Composite is an index that captures a diverse range of Nasdaq-listed companies, encompassing various sectors, sizes, and styles. Over its 50+ years of existence, it has evolved into a benchmark for innovation and the "New" economy, extending beyond Big Tech. With a daily refreshment process, it stands out for its agility; its inclusion of non-Tech sectors, like Health Care and Financials, makes it truly unique. Additionally, the index's stellar performance, consistently outperforming broad multicap benchmarks like the Russell 3000, underscores its strength and resilience. The fundamental data underlying the Nasdaq Composite has seen impressive growth, with earnings soaring, dividends consistently increasing,

and valuations remaining fairly stable. This index represents a broad spectrum of technology-focused companies, making it a promising choice for investors looking toward the future.

The Nasdaq Composite is tracked by the Fidelity Nasdaq Composite ETF (Nasdaq: ONEQ).

Sources: Nasdaq, Bloomberg, FactSet.

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