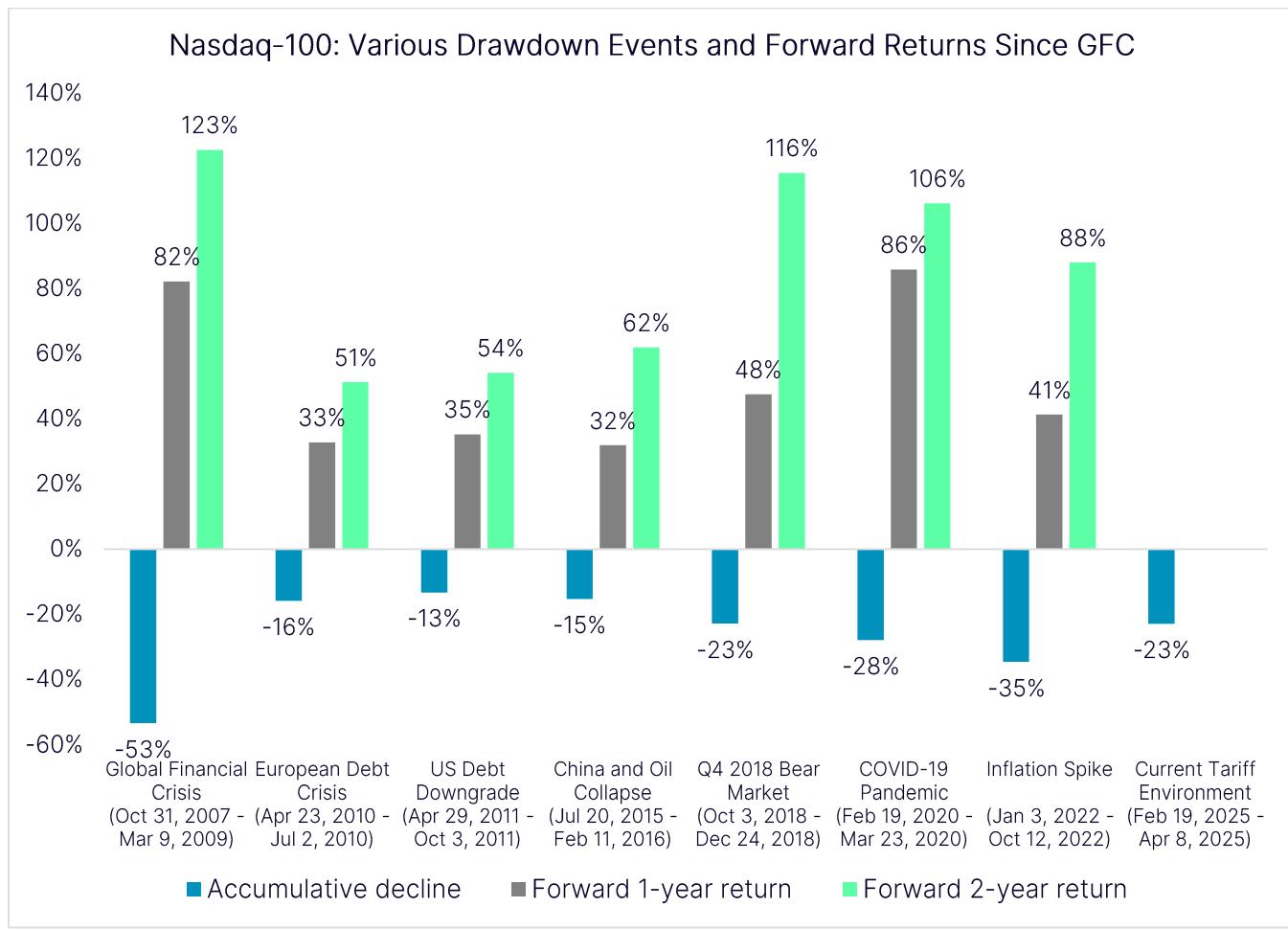


Nasdaq-100® in the Current Tariff Environment

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Long-term gains often follow market downturns

Policy uncertainty has exceeded levels seen during the first Trump administration and may escalate further as new policies are introduced and other countries react to US tariffs. Over the years, the Nasdaq-100 has weathered various traumatic events. These challenges often seemed deeply threatening to investors. While investors should prepare for additional near-term downside, markets usually recover from uncertainty in the longer term. From drawdowns of this magnitude, longer-term investors have generally been rewarded by investing during these periods. Furthermore, the policy-driven nature of this sell-off makes it more prone to a swift rebound compared to a decline triggered solely by economic factors.



Source: Nasdaq Global Indexes; Bloomberg. As of April 8, 2025.

Nasdaq-100: Largest Two-day Declines and Forward Returns Since GFC

Incident	Date	2-day decline	Forward 1-year return	Forward 2-year return
Global Financial Crisis	Sep 29, 2008	-11.3%	+14.8%	+34.3%
	Oct 15, 2008	-13.0%	+40.9%	+68.6%
	Nov 6, 2008	-9.9%	+39.4%	+76.1%
	Nov 20, 2008	-10.3%	+70.2%	+106.0%
Covid-19 Pandemic	Mar 12, 2020	-13.2%	+78.1%	+85.1%
Current Tariff Environment	Apr 4, 2025	-11.2%		

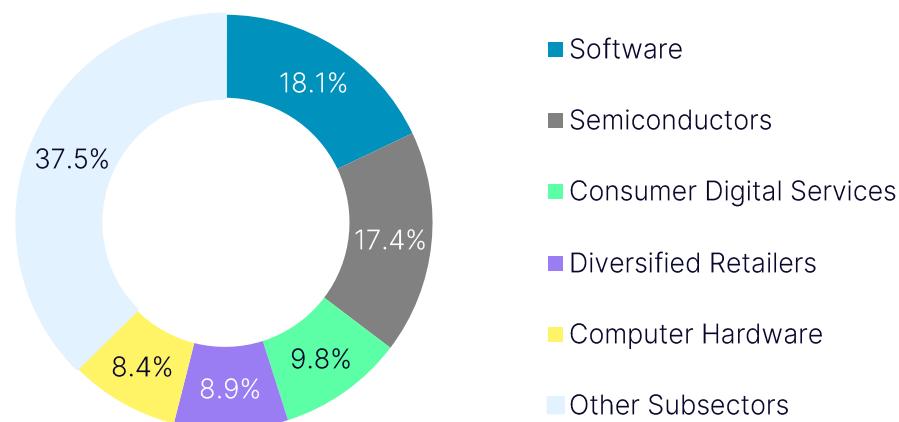
Source: Nasdaq Global Indexes; Bloomberg. As of April 8, 2025.

Exposure to tariffs

The three largest ICB subsectors of the Nasdaq-100 are software (18.1%), semiconductors (17.4%) and consumer digital services (9.8%). Sectors like software and digital platforms are typically less exposed to tariff regulations. For instance, Microsoft, the second largest constituent of the Nasdaq-100, stands out due to its less direct exposure to tariffs and a robust enterprise revenue mix. Its advantage lies in not heavily dealing with physical or consumer products. Additionally, a significant portion of its business is enterprise software, focusing on selling cloud applications and infrastructure to corporate clients. This results in a substantial part of its revenue being tied to long-term contracts, providing Microsoft with extra stability.

While details on the semiconductor tariff rate will be announced soon, the US President expressed a willingness to engage with companies regarding the scope of his sectoral tariff on semiconductors and related products, such as smartphones and computers. AI semiconductor providers, such as Nvidia, Broadcom and Marvell Technology, may experience limited demand disruption from tariffs due to their exposure to enterprise buyers with lower price sensitivity.

Nasdaq-100 Weights by ICB Subsector



Source: Nasdaq Global Indexes. As of April 8, 2025.

Forward P/E at its lowest since March 2023

In the recent market selloff, the valuation of the Nasdaq-100 has dropped from its elevated levels. Forward P/E of the Nasdaq-100 has fallen to 23.7 times¹, marking its lowest point since March 2023.

The market downturn is driven more by uncertainty around tariffs and the broader macroeconomic landscape than by corporate fundamentals. Analysts project Nasdaq-100 earnings per share (EPS) growth to hit 17.3% year-on-year in 2025, 57% above that of the S&P 500. Yet, this forecast may be adjusted due to tariff impacts.



Source: Nasdaq Global Indexes; FactSet. As of April 11, 2025.

In short, while enduring a market sell-off is never easy, it is crucial to consider staying invested during declines to benefit from the recoveries that typically ensue. Over the past decade, the Nasdaq-100 delivered a total return of 366%².

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¹ Source: Bloomberg. As of April 11, 2025.

² Source: Bloomberg. As of April 11, 2025.