



Nasdaq, Inc.

NDAQ

EQUITY RESEARCH REPORT

July 03, 2026

NDAQ — Nasdaq, Inc.

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EXECUTIVE SUMMARY

Metric	Value
Recommendation	**HOLD / WATCHLIST**
Current Price	€73.98 (USD \$84.66)
Fair Value (Base Case)	€72–76 (USD \$82–87)
Margin of Safety	~0% (fairly valued)
Target Entry (if HOLD)	€62–65 (USD \$71–74)

Return Profile	Value
Dividend Yield	~1.3%
Expected Dividend Growth	~8–10% CAGR
Expected Price Appreciation	~5.5%
Total Expected Return (Base)	**~7.0% CAGR**
Bear Case Total Return	~1.5% CAGR
Bull Case Total Return	~12% CAGR
Probability-Weighted Return	~6.9% CAGR

Risk Assessment	Value
Wealth Preservation Score	**63 / 100**
Downside Protection Score	60 / 100
Quality Score	68 / 100
Risk Level	MODERATE
Probability of >50% Loss	<8%
Recession Profile	SENSITIVE

One-Line Thesis:

Nasdaq owns a wide-moat market infrastructure franchise with growing recurring revenue, but at current prices you pay full value with a sub-2% dividend yield, leaving no margin of safety and a base-case return that only just

clears the hurdle.

INVESTMENT THESIS

Nasdaq runs a business you can understand and one that rarely disappears: exchange listings, market data, index licensing, and regulatory/anti-crime software. The company has shifted its revenue mix from volume-dependent trading toward recurring, subscription-style income through the Verafin (2021) and Adenza (2023) acquisitions. That shift raises earnings quality and reduces cyclicalities relative to a pure exchange operator. Regulatory barriers, entrenched issuer and broker relationships, and high switching costs in market technology give the franchise a durable moat. You are buying a quality compounder, not a turnaround.

The problem is price and income. At €73.98 the stock trades at roughly 22x forward earnings and pays a 1.3% dividend yield. For a wealth-preservation mandate, that dividend yield is thin, and the total return math depends heavily on continued high-single to low-double-digit EPS growth. The base case delivers approximately 7% CAGR, which clears the inflation-plus-4% hurdle by the narrowest of margins. There is no valuation cushion. The EV/EBITDA has compressed below its five-year average of ~20x to ~16x, which improves risk-reward versus 2021, but the stock still sits near peer medians rather than at a discount.

What could go wrong is manageable but real. The Adenza deal loaded the balance sheet with debt and goodwill; integration disappointment or an impairment would hit sentiment. Trading volumes and IPO activity remain cyclical inputs. A recession would compress transaction revenue and slow bank technology budgets, though the recurring base cushions the blow. None of these threaten permanent capital destruction at the franchise level, which is why this is a HOLD rather than an AVOID. You wait for a better entry. A pullback into the low €60s would push the dividend yield toward 1.6% and open a double-digit margin of safety, converting this into a BUY.

1. BUSINESS QUALITY ASSESSMENT

Nasdaq operates across four revenue lines: market services (trading), capital access platforms (listings), financial technology (Verafin, Adenza, market tech), and index/data services. The mix shift toward recurring software and data revenue is the central quality story. Gross margins run 55–62% and have trended up. Operating margins on net revenue reached ~44% in 2025.

The business is understandable, sits in a defensive-to-moderately-cyclical sector (financial market infrastructure), and faces no secular decline. Exchanges and market data grow with the long-run expansion of global capital markets.

Sector Verdict: CONTINUE. Defensive infrastructure characteristics, understandable model, no major headwinds. Trading volume cyclicalities warrants heightened balance-sheet scrutiny given the post-Adenza leverage.

2. FINANCIAL FORTRESS ANALYSIS

2.1 Solvency Check

Metric	Value	Threshold	Assessment
Debt-to-Equity	~1.0x (elevated post-Adenza)	<1.0x preferred	Marginal
Interest Coverage	~5–7x (est.)	>5x min	Adequate
FCF Positive (5 of 5 yrs)	Yes	4 of 5	Pass
Cash Flow from Ops (2025)	~\$2.3B	—	Strong
Capital Returns (2025)	\$601M div + \$616M buyback	—	Balanced

The Adenza acquisition (\$10.5B, 2023) materially increased debt. Management has prioritized deleveraging, which constrains capital-return flexibility near-term. FCF generation is robust and consistent (~\$1.8B in 2024, CFO \$2.3B in 2025).

Stress Test (revenue -30% for 2 years): The recurring revenue base (data, index, SaaS) would cushion the decline, but transaction and listing revenue would fall hard. The company would likely remain solvent and maintain the dividend given the low ~1.3% yield and moderate payout, but deleveraging would pause and buybacks would shrink.

Solvency Assessment: ADEQUATE (would be FORTRESS absent the post-Adenza leverage).

2.2 Earnings Quality

Operating cash flow consistently exceeds net income (CFO \$2.3B vs. net income ~\$1.3B), confirming high earnings quality. No restatements surfaced in the filing record. The main watch item is goodwill/intangibles from Verafin and Adenza, which carry impairment risk if ARR growth disappoints.

Earnings Quality: HIGH.

2.3 Dilution Check

Nasdaq funded Adenza partly with stock, creating dilution in 2023–2024. Recent buybacks (\$616M in 2025) partially offset. The net trend is modest dilution followed by buyback recovery.

Dilution Assessment: ACCEPTABLE.

2.4 Dividend Sustainability

Metric	Value	Assessment
Dividend Yield	~1.3%	Below preservation sweet spot
Payout Ratio (Div/EPS)	~35–40%	Comfortable
FCF Coverage	~3x+	Strong
Dividend Growth (5Y)	~8–10% CAGR	Beats inflation
Consecutive Years	~10+	Established

The dividend is well-covered and growing faster than inflation. The issue for a preservation mandate is the low starting yield — it provides limited income cushion. The dividend would survive a 40% earnings drop.

Dividend Sustainability: ROCK SOLID (but low yield reduces preservation value).

2.5 Capital Efficiency

- ROE: ~15%
- ROIC: ~10% (diluted by acquisition goodwill)
- WACC: ~8%

ROIC exceeds WACC but sits at the lower end after Adenza inflated invested capital. Trend to watch: whether Adenza integration lifts ROIC back toward the mid-teens.

ROIC: ~10% | vs. WACC: ~8% | Trend: Stable | Verdict: Value Creating (modestly).

2.6 Valuation Screening

Metric	Current	5Y Avg	vs. History	Assessment
Trailing P/E	~28x	~high 20s	In line	Fair
Forward P/E	~22x	—	Reasonable	Fair
EV/EBITDA	~16x	~20x	Below avg	Favorable
P/FCF	~25x	—	Mid-range	Fair
P/B	~4.0x	—	Mid-range	Fair

EV/EBITDA has de-rated meaningfully from history — the one genuinely favorable signal. On earnings and cash flow, the stock is fairly valued, not cheap.

Valuation: FAIR | Margin of Safety: ~0%.

3. DIVIDEND ANALYSIS

The dividend is safe and grows at ~8–10% annually, comfortably beating inflation. Payout near 35–40% of EPS leaves ample cushion. FCF coverage exceeds 3x. For total return, the dividend contributes ~1.3% today, rising over time as growth compounds. For a preservation investor, the sub-2% yield is the weakness: it provides less downside income cushion than a 3%+ payer.

Dividend Verdict: Reliable and growing, but starting yield too low to anchor a preservation thesis on income alone.

4. VALUATION ANALYSIS

Reverse-DCF and consensus frameworks converge on a fair value near the current price. One excess-return model pegged fair value at ~\$78 against a then-price of ~\$77. A quality-adjusted "fair multiple" of ~16.7x versus the actual ~22.7x forward P/E suggests you pay a growth/quality premium. Consensus 12-month targets cluster in the low-to-mid \$100s, implying modest upside, but those targets assume flawless execution.

At €73.98 / \$84.66, I model fair value at €72–76. The stock is fairly valued. Buy discipline requires waiting for the low €60s.

5. SCENARIO ANALYSIS (10-Year)

BEAR CASE (25% weight): Recession compresses trading volumes and IPO activity; bank tech budgets freeze; Adenza growth disappoints; multiple contracts to ~16x. EPS growth ~2%. Dividend maintained (low payout). Total Return: **~1.5% CAGR**.

BASE CASE (50% weight): Trend growth; recurring mix expands; EPS grows ~8%; multiple holds near current level; dividend grows ~8–9%. Total Return: **~7.0% CAGR**.

BULL CASE (25% weight): Adenza/Verafin cross-sell accelerates; ARR compounds; margins expand; multiple re-rates modestly; EPS grows ~12%. Total Return: **~12% CAGR**.

Scenario	Total CAGR	Weight	Contribution
Bear	1.5%	25%	0.4%
Base	7.0%	50%	3.5%
Bull	12.0%	25%	3.0%
Expected			**~6.9%**

Downside Protection: Bear case return stays positive (~1.5%), satisfying the capital-preservation requirement. Historical max drawdown moderate; probability of >50% permanent loss <8%.

6. RISK ASSESSMENT

- **Leverage/goodwill:** Post-Adenza debt and large intangibles create impairment and deleveraging risk. Primary concern.
- **Cyclicality:** Trading volumes, volatility, and IPO activity swing transaction revenue.
- **Regulatory:** Market-data fee scrutiny, IPO-blocking authority proposal (late 2025) increases litigation exposure.
- **Cyber/operational:** Exchange uptime is a structural single-point-of-failure risk.
- **Competition:** ICE, CME, Cboe, LSEG, S&P DJI, MSCI all pressure pricing.

None threaten franchise-level permanent capital loss. **Risk Level: MODERATE.**

7. MANAGEMENT & GOVERNANCE

Management has executed a coherent multi-year pivot toward recurring revenue. The Adenza bet was large and raises execution risk, but the strategic logic is sound. Capital allocation is acquisition-led with balanced dividends

and buybacks. Insider activity shows modest programmatic net selling — neutral. Institutional ownership exceeds 70%, providing a stable base.

Management Quality: GOOD | Capital Allocation: ACCEPTABLE.

8. PEER COMPARISON

Dimension	NDAQ	Peers (CME/ICE/CBOE/LSEG)	Best
Forward P/E	~22x	19–25x	Sector avg
EV/EBITDA	~16x	15–20x	Below median (favorable)
ROE	~15%	Varies	Competitive
Dividend Yield	~1.3%	1–2.5%	Below CME
Recurring mix	High	Varies	Strength

NDAQ trades near peer medians, no longer at a premium. Its recurring-revenue mix is a differentiator not fully rewarded in the multiple.

9. KEY METRICS SUMMARY

- Current Price: €73.98 / \$84.66
- Forward P/E: ~22x | EV/EBITDA: ~16x | P/FCF: ~25x
- Dividend Yield: ~1.3% | Payout: ~35–40%
- ROE: ~15% | ROIC: ~10% | D/E: ~1.0x
- FCF (2025 CFO): ~\$2.3B
- WP Score: 63/100

10. MONITORING CHECKLIST

Item	Trigger	Action
Price	Falls to low €60s	Upgrade to BUY
Adenza ARR growth	Below guidance 2 quarters	Re-review thesis
Goodwill impairment	Any charge announced	Deep dive
Debt/EBITDA	Fails to decline	Re-assess solvency
Dividend growth	Falls below 5%	Reconsider income thesis
Q2 2026 earnings	Jul 23, 2026	Update model

11. MARKET EXPECTATIONS & CONSENSUS

The current price implies **low-double-digit EPS growth (~10–13%)** sustained for several years. Consensus rating skews Buy/Hold with 12-month targets in the low-to-mid \$100s, implying high-single to low-double-digit upside — but predicated on continued execution.

What validates consensus: ~10–13% EPS growth, high-teens ROE, sustained data/tech mix shift, Adenza cross-sell delivery.

What disappoints: EPS growth below high-single digits, ROIC compression, goodwill impairment, volume/regulatory pressure.

Forward Valuation:

Metric	Value	Assessment
Fwd P/E	~22x	Fair vs. sector
PEG	~1.5x	Reasonable
EV/EBITDA	~16x	Below own history (favorable)
Beta	~0.9–1.0	Modestly defensive

12. KEY BUSINESS DRIVERS

Driver 1: Financial Technology ARR growth (Adenza + Verafin)

Why it matters: Determines whether the recurring-revenue thesis and acquisition multiples are justified.

Bull threshold: Double-digit ARR growth. Bear threshold: Single-digit or churn.

Next data point: Q2 2026 earnings, Jul 23, 2026.

Driver 2: Net revenue growth

Why it matters: Core measure of franchise expansion.

Current: 2025 net revenue \$5.2B (+13%). Bull: >10%. Bear: <6%.

Next: Jul 23, 2026.

Driver 3: Deleveraging / Debt-to-EBITDA

Why it matters: Determines capital-return flexibility and solvency rating.

Bull: Steady decline. Bear: Stalls.

Next: Quarterly balance sheet.

Driver 4: Index/data revenue and AUM tracking

Why it matters: High-margin recurring driver; SpaceX added to Nasdaq-100 (Jul 7, 2026) illustrates franchise pull.

Bull: Rising licensing. Bear: Fee compression.

13. PROXY TRACKERS & LEADING INDICATORS

Proxy	Symbol	Relationship	Signal
Intercontinental Exchange	ICE	Correlates (peer infra)	Bullish if outperforming sector
Cboe Global Markets	CBOE	Correlates (volume/volatility)	Bullish on rising volatility
CBOE Volatility Index	VIX	Leads transaction revenue	Sustained rise supports trading fees
IPO issuance activity	Renaissance IPO ETF (IPO)	Leads listings revenue	Bullish if IPO window reopens

Monitoring rule: If ICE and CBOE both break below their 50-day moving averages while VIX stays subdued, re-evaluate the transaction-revenue thesis within 5 trading days.

EXIT TRIGGERS (Watchlist Upgrade/Downgrade)

- **Price falls to low €60s:** Upgrade to BUY (margin of safety opens).
- **Goodwill impairment announced:** Re-review; potential downgrade.
- **Debt/EBITDA fails to decline over two quarters:** Re-assess solvency.
- **EPS growth falls below high-single digits for two quarters:** Re-review base case.

FINAL RECOMMENDATION

RECOMMENDATION: HOLD / WATCHLIST

Current Price: €73.98 / \$84.66

Target Entry: €62–65 / \$71–74

Why Hold: A quality wide-moat franchise at fair value. Base-case return (~7% CAGR) only just clears the hurdle, the ~1.3% dividend yield offers thin income cushion, and there is no margin of safety. The absolute requirement of base-case return $\geq 8\%$ is not met (~7%), and margin of safety $\geq 10\%$ fails. This disqualifies a BUY under the framework.

Trigger for Upgrade: Pullback into the low €60s, or accelerating FinTech ARR growth that lifts the base-case return above 8%.

ANALYST NOTES

Key Assumptions: ~8% base-case EPS growth; multiple holds near current; dividend grows ~8–9%; Adenza integration proceeds without impairment.

Limitations: Several figures (interest coverage, exact D/E, ROIC) derived from aggregated/approximate research data rather than line-item filings. 2025 figures rely on earnings-release net-revenue framing, not full 10-K. Peer multiples are sector-norm approximations.

Confidence Level: MEDIUM — High confidence in franchise quality and moat durability; medium confidence in precise return figures given reliance on aggregated data and post-Adenza balance-sheet uncertainty.

Report prepared for Moschovakis Capital. This analysis is for informational purposes only.

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