THNQ Index 3rd Quarter 2026 Commentary

As of September 30, 2026

Q3 Performance: A Broader Set of AI Winners Emerges

The ROBO Global Artificial Intelligence Index (THNQ) advanced 6.8% in the third quarter, bringing its year-to-date net total return to 53.7% through September 30, 2026. Beneath the headline performance, an important shift in market leadership emerged. Despite a 5.8% decline in semiconductors, the Index's largest subsector, strength across cybersecurity, cloud infrastructure, data analytics and healthcare AI drove positive quarterly returns. The performance highlights a widening opportunity set across artificial intelligence, as investors increasingly recognize the companies enabling AI deployment and commercialization throughout the broader ecosystem.

This divergence was particularly striking given the semiconductor sector's approximately 30.5% average weighting. The group detracted 2.4 percentage points from quarterly performance, while Network & Security alone contributed 2.85 points. Healthcare and Big Data/Analytics each added approximately 1.8 points, illustrating how a diversified collection of AI technologies can participate in the industry's growth even as individual segments experience sharp corrections.

The AI Landscape in Q3: From Infrastructure Investment to an Inference Economy

The third quarter marked another important stage in AI's evolution, with advances in personal AI agents, increasingly capable reasoning models, accelerating applications in science and healthcare, and continued investment in computing infrastructure.

Three developments stood out.

First, AI is increasingly moving toward inference-intensive applications, where models generate predictions, complete tasks and interact with software and real-world systems. As inference becomes more efficient and affordable, new applications become economically viable. Meanwhile, more complex reasoning and autonomous agents can generate substantially more computational activity through repeated model calls, data retrieval, tool execution and verification.

Second, personal AI agents are beginning to redefine how users interact with technology. Meta's September introduction of Muse demonstrated how AI can progress from answering individual questions to managing multistep tasks, interacting with applications and maintaining context over time. This development carries implications throughout the AI value chain, from cloud infrastructure and software platforms to data management, networking, identity and cybersecurity.

Third, infrastructure investment continues to expand the requirements of AI computing systems. As of quarter end, Meta projected $130 billion to $145 billion in capital expenditures for 2026. As AI systems grow more powerful and deployments become more demanding, spending increasingly encompasses networking, memory, power conversion, cooling, custom processors and the supporting software needed to operate these systems efficiently.

Together, these trends point toward an increasingly interconnected AI economy. The investment opportunity extends across the technologies required to produce intelligence, distribute it economically, secure its operation and apply it to productive tasks.

Q3 Subsector Performance

THNQ's quarterly results reflected substantial differences across its underlying subsectors.

THNQ subsector	Q3 return	Contribution to Index
Network & Security	+20.5%	+2.85 pp
Healthcare	+30.4%	+1.80 pp
Big Data / Analytics	+18.9%	+1.80 pp
Cloud Providers	+11.8%	+1.45 pp
Business Process	+11.9%	+0.93 pp
Ecommerce	+7.3%	+0.85 pp
Consumer	+20.4%	+0.68 pp
Factory Automation	-16.2%	-0.34 pp
Cognitive Computing	-12.0%	-0.88 pp
Semiconductor	-5.8%	-2.39 pp
Total Index	+6.75%	+6.75 pp

Source: VettaFi Index Research, THNQTR attribution, June 30 to September 30, 2026. Returns and contributions are rounded.

The breadth of positive returns also coincided with strong underlying fundamentals. As of October 2, 54 of THNQ's 55 constituents had reported their latest Q2 2026 results. Approximately 93% reported positive year-over-year revenue growth, while 83% delivered positive earnings growth. On a weighted-average basis, sales increased 41.7%, EPS rose 71.9% and EBITDA expanded 64.8%.

Those results provide important fundamental context for the Index's year-to-date gains, although performance across individual companies remains sensitive to valuations, competitive positioning and expectations for future growth.

Subsector Commentary: Where AI Investment Is Flowing

Semiconductors: Valuation Pressure Meets Expanding Infrastructure Demand

Semiconductors declined 5.8% during Q3, representing the largest negative contribution to THNQ performance. The sell-off reflected substantial dispersion across the group, as previously strong performers experienced corrections amid shifting expectations for AI infrastructure spending and future growth.

Yet several companies continued making meaningful strategic progress. Global Unichip, a leading provider of custom ASIC design services and a key partner within TSMC's ecosystem, gained 66.1% during the quarter. MediaTek advanced 16.6%, while NVIDIA and AMD also recorded positive returns.

The growing demand for custom AI accelerators, specialized connectivity and power-efficient computing architectures continues to create opportunities beyond traditional GPU suppliers.

One particularly important development is the industry's transition toward higher-voltage data-center power infrastructure.

As AI processors become more powerful and rack densities increase, conventional power distribution systems face mounting efficiency and scalability challenges. The emerging adoption of 800-volt direct-current architectures could materially reshape how data centers distribute power, creating new demand for advanced power semiconductors, digital controllers, solid-state transformers and circuit protection.

THNQ constituent Infineon was especially active during the quarter. The company announced a collaboration with LS Electric focused on DC infrastructure, agreed to acquire C2i Semiconductors to strengthen its digital power-management capabilities, and expanded its partnership with SolarEdge to develop solid-state circuit protection for 800V data centers.

Despite these developments, Infineon's shares declined 27.6% during Q3, demonstrating that new growth opportunities do not necessarily translate into immediate share-price appreciation.

The broader implication is that AI infrastructure investment increasingly encompasses the entire computing system, including the technologies required to power, connect and operate increasingly dense clusters of processors.

Network & Security: Agents Create New Infrastructure and Protection Requirements

Network & Security advanced 20.5%, making it THNQ's largest positive contributor at approximately 2.85 percentage points.

The subsector benefited from growing demand for AI-ready infrastructure and cybersecurity solutions as organizations deploy increasingly sophisticated AI applications.

Everpure was among the strongest individual contributors, gaining approximately 66% during the quarter and adding 1.30 percentage points to Index performance.

The data-storage company reported 38% year-over-year revenue growth in its latest fiscal quarter and secured a design win with a second top-five hyperscaler. At its September analyst meeting, management outlined preliminary fiscal 2028 revenue expectations of $7.0 billion to $7.3 billion, reflecting its expanding opportunities in hyperscale storage and enterprise data management.

Arista Networks also advanced, supported by growing demand for high-performance AI networking. In August, the company highlighted its 1.6 Tbps networking platforms, launched in June, designed for increasingly demanding scale-up, scale-out and scale-across AI infrastructure.

Cybersecurity represented another major area of strength.

As AI agents gain access to enterprise applications, sensitive information and operational systems, organizations face increasingly complex challenges surrounding identity, permissions, data security and autonomous behavior.

Several THNQ constituents introduced products or announced partnerships addressing these emerging requirements.

CrowdStrike introduced Falcon Guardian, designed to monitor and control AI-agent behavior during execution, and expanded its collaboration with OpenAI to secure Codex agents. Palo Alto Networks acquired Console to strengthen the agentic capabilities of its Cortex security platform.

These developments suggest that AI adoption could expand cybersecurity spending into additional categories, including agent identity, runtime protection, automated threat detection and secure execution environments.

As agents become more capable, their commercial value increasingly depends on whether enterprises can deploy them securely and reliably.

Big Data, Cloud Infrastructure and Business Process Automation: The Software Behind AI Deployment

Big Data/Analytics advanced 18.9%, Cloud Providers gained 11.8%, and Business Process rose 11.9%.

Together, these three subsectors contributed approximately 4.2 percentage points to THNQ performance.

The results reflected growing investor interest in software platforms that enable AI applications to access enterprise information, execute increasingly complex tasks and integrate into existing business operations.

Elastic gained 60.8%, while Snowflake rose 33.4%. Both companies operate in markets where enterprise AI adoption increases the importance of organizing, retrieving and analyzing data.

In August, Snowflake previewed expanded Cortex Agents capabilities supporting more sophisticated analytical workflows, code execution and conversation management. These developments illustrate the growing importance of data platforms as enterprises build AI applications that operate across multiple systems while maintaining access controls and governance.

Cloudflare and Microsoft were also notable performers, advancing approximately 41.6% and 37.7%, respectively.

Cloudflare continued expanding its developer infrastructure to support autonomous applications, including isolated execution environments for coding agents. Such capabilities highlight the infrastructure requirements associated with agents that can operate software and interact with external tools.

Across business applications, the opportunity increasingly centers on connecting AI capabilities to existing workflows, proprietary data and operational systems.

For investors, a key consideration is whether these platforms can translate growing AI usage into additional revenue, stronger customer retention and sustained earnings growth.

Healthcare AI: Proprietary Data and Clinical Applications Drive Performance

Healthcare was THNQ's strongest subsector by percentage return, gaining 30.4% during Q3.

The group contributed approximately 1.80 percentage points to Index performance, with notable strength from Tempus AI and Illumina, which advanced 41.4% and 55.7%, respectively.

AI's applications in healthcare continue expanding across diagnostics, clinical decision support, genomics and drug discovery.

Tempus announced an agreement to acquire Personalis at an enterprise value of approximately $1.5 billion, net of its existing stake, expanding its capabilities in personalized cancer testing and minimal residual disease monitoring. The company also received an award of up to $9.5 million through ARPA-H's ADVOCATE initiative to develop an autonomous AI system for cardiovascular care.

Meanwhile, Illumina expanded its Billion Cell Atlas initiative to additional AI-focused drug developers. The program aims to create large-scale biological datasets capable of supporting the development and validation of advanced models for drug discovery.

These developments illustrate the growing convergence of biological data, computational infrastructure and AI.

Healthcare offers a particularly compelling opportunity for applied AI because improvements in diagnostic accuracy, research productivity and treatment development can create measurable economic value. Commercial success will depend on clinical validation, regulatory milestones, reimbursement and integration into established healthcare workflows.

Consumer AI and Ecommerce: Personal Agents Expand AI's Addressable Market

Consumer AI advanced 20.4%, while Ecommerce gained 7.3%.

Meta Platforms was a significant contributor, rising 28.8% during Q3. Its introduction of Muse provided one of the quarter's clearest examples of AI transitioning toward personalized, autonomous applications.

The shift toward persistent personal agents could create substantial incremental demand across consumer platforms, cloud services, identity infrastructure and digital commerce.

For example, an AI assistant coordinating a purchase may interact with product databases, retailers, payment systems, shipping providers and customer-service applications. Each interaction creates additional requirements for computing, software integration and secure access.

Shopify, which advanced 29.9% during the quarter, has positioned its commerce infrastructure to support purchases initiated through AI platforms, including integrations built around its Agentic Storefronts offering and Universal Commerce Protocol.

The opportunity remains early, with important questions surrounding consumer adoption, merchant economics and the degree to which AI platforms capture value from transactions.

Nevertheless, personal agents represent another potential source of recurring demand for the broader AI technology ecosystem.

Cognitive Computing and Factory Automation: A Selective Market for Emerging Technologies

Cognitive Computing declined 12.0%, while Factory Automation fell 16.2%.

Weakness in companies including IBM, Tesla, IonQ and Cognex contributed to the underperformance.

These results reinforce the substantial differences in maturity, adoption cycles and market expectations across AI-related businesses.

While investors increasingly recognize opportunities in robotics and physical AI, commercial adoption remains uneven. Companies must demonstrate that new capabilities can operate reliably in production environments and deliver attractive economics.

The performance divergence also highlights an important distinction between long-term technological potential and the timing of commercial returns.

Strategic Developments: AI Expands Toward the Edge and Physical World

Another defining Q3 development was the growing interest in bringing advanced AI capabilities into devices, machines and real-world environments.

Several notable acquisitions, partnerships and product introductions highlighted this trend.

AMD announced an approximately $8.2 billion agreement to acquire World Labs, bringing spatial-intelligence research and advanced world-model capabilities into its broader computing ecosystem. The proposed acquisition reflects growing interest in computing architectures designed for simulation, robotics and physical AI.

Qualcomm agreed to acquire PickNik Robotics, the developer behind the widely adopted MoveIt robotics software framework. The transaction is intended to integrate advanced motion planning and robotics development capabilities more closely with Qualcomm's Dragonwing computing platforms.

Meanwhile, Ambarella introduced the X7, its first standalone edge-AI accelerator, designed to add AI capabilities to existing computing systems. The company also partnered with ZEDEDA to support centralized management and deployment of AI applications across distributed edge devices.

These developments suggest that AI infrastructure providers increasingly see opportunities in the technologies required to bring intelligence closer to where data is generated and decisions must be executed.

Moving inference toward the edge can reduce communication delays, support local processing and improve the economics of applications that require continuous interaction with their environments.

For the broader industry, these transactions also illustrate how companies are expanding beyond their historical positions in the technology stack through acquisitions, partnerships and new product development.

The convergence of AI computing, robotics software and edge infrastructure represents an increasingly important area of opportunity across both the THNQ and ROBO Global Robotics and Automation ecosystems.

Outlook: What We Are Watching in Q4 and Beyond

The third quarter reinforced the strength of the AI investment cycle while demonstrating that leadership across the sector continues to evolve.

THNQ's strong year-to-date performance, broad participation across multiple subsectors and substantial underlying earnings growth suggest that the opportunity increasingly extends across the technologies required to develop, deliver and commercialize AI.

Looking ahead, several developments warrant particular attention.

Inference economics and monetization. Continued improvements in computational efficiency could enable additional applications and greater overall usage. The critical question is whether expanding demand generates attractive returns on the substantial infrastructure investments being made.

AI agents and enterprise adoption. Personal and enterprise agents could materially increase the amount of computing, data processing and software interaction associated with everyday tasks. Successful adoption will depend on reliability, security and measurable productivity improvements.

Power and infrastructure constraints. Rising rack densities and increasingly sophisticated AI systems could create additional opportunities in power conversion, networking, storage and system-level optimization. The transition toward 800V architectures represents one area where technology requirements may evolve considerably.

Cybersecurity and trust. Greater autonomy introduces additional challenges around credentials, permissions, execution environments and data protection. Companies delivering effective security solutions could benefit as organizations expand their use of agentic applications.

Edge and physical AI. Recent acquisitions and product launches suggest growing interest in bringing advanced intelligence into robots, industrial equipment and connected devices. Evidence of commercial deployment, customer returns and expanding application demand will be important indicators of progress.

The next phase of AI development should increasingly reward companies that can translate technological advances into reliable, scalable and economically valuable products and services.

THNQ's diversified exposure across the AI ecosystem offers a perspective on how that evolution is unfolding, with opportunities spanning computing infrastructure, cybersecurity, enterprise software, healthcare and emerging physical applications.

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