ROBO Index 2nd QTR 2026 Commentary

As of June 30, 2026

Robotics and automation stocks decisively outperformed global equities in Q2, with the ROBO Global Robotics & Automation Index (ROBO) surging 26.4%, compared to a 14.0% gain for the VettaFi Developed World Index. Nine of the 11 subsectors registered gains, led by **Computing & AI (+50%)**, **Actuation (+48%)**, **Manufacturing & Industrial Automation (+33%)**, and **Sensing (+33%)**, while **Business Process Automation (-20%)** and **Autonomous Systems (-7%)** lagged. Currency was a modest headwind, trimming roughly half a percentage point from returns.

The leaderboard tells the story of the quarter: the market began pricing physical AI as an earnings reality rather than a slideware promise. **Harmonic Drive Systems (+120%)**, the world leader in the strain-wave gears inside nearly every humanoid joint, used its May results to guide operating profit up 141% for the fiscal year ending March 2027 on recovering robot and AI-driven reducer demand, the clearest confirmation yet that the physical AI buildout is flowing through to the component layer. **Infineon (+113%)** rallied on the other half of the same thesis: its AI data center power business is running in allocation, with demand ahead of supply, while its gallium nitride motor controllers are finding their way into robotic joints. **Raspberry Pi (+93%)**, **Fuji Corp (+77%)**, **Yaskawa Electric (+71%)**, **Ambarella (+67%)**, **Coherent (+66%)**, and **Teradyne (+63%)** rounded out the leaders. In China, **Han's Laser** gained **150%** and **Estun Automation 90%** as local markets saw a continued drive toward domestic supply-chain in general manufacturing and even domestic semiconductor production.

Two forces powered the broad advance. The first was the semiconductor supercycle: the **Philadelphia Semiconductor Index** rose **87.8%**, its best quarter since its 1994 inception, as memory sold out through 2027 and AI capex continued to climb. ROBO owns what that computer gets built for, along with the test, optics, and power layers it cannot run without. The second was the cyclical recovery in factory automation. **Manufacturing & Industrial Automation**, the largest subsector at roughly 22% of the index, returned 33% as Japanese automation bellwethers exited a two-and-a-half-year down cycle with orders inflecting: discipline during the down cycle bought the ticket to the recovery that we are seeing now.

The two laggards had distinct diagnoses. **Business Process Automation** fell **20%**, with **Autodesk (-19%)** and **PTC (-20%)** marked down as investors handicap what AI does to seat-based software pricing. **Autonomous Systems** declined **7%** on weakness in the Chinese consumer-tech names: **Xiaomi (-32%)** absorbed EV losses and surging memory costs, and **XPeng (-23%)** fought a brutal EV price war even as its robotics and Turing-chip story advanced. The same memory crunch squeezing device makers is revenue for the semiconductor, test, and equipment names that dominate the top of the index.

The June rebalance leaned directly into the perception-and-motion theme. The index added **Ouster**, the scaled pure-play in digital lidar and one of the few companies giving machines a real sense of depth and space, and **Schaeffler**, which has converted 75 years of precision-bearing heritage into complete humanoid-joint actuators covering roughly 80% of humanoid-joint demand, with series production targeted for this year. **Octave**, the asset-lifecycle software business spun out of Hexagon in May, also joined the index. **Shibaura Machine** exited based on relative ranking as the constituent set rotates toward higher-purity robotics and automation plays.

The fundamentals kept pace with the price action. With 76 of 79 companies reporting Q1 results during the quarter, weighted average EPS grew 33.8% year over year, beating estimates by 3.1%, while sales rose 16.1% with 76% of companies surpassing revenue forecasts.

Overall, signals continue to show that we are in a long-duration industrial cycle, from manufacturing PMI's to government mandates increasing across the globe for domestic capabilities and resilience.

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