VettaFi

THNQ Index 2nd QTR 2026 Commentary

As of June 30, 2026

The ROBO Global Artificial Intelligence Index (THNQ) returned 55.7% in the second quarter, after a 7.5% decline in the first, against a 14.0% gain for the VettaFi Developed World Index. Nine of the index's ten weighted subsectors advanced. **Network & Security (+90.0%)** and **Semiconductor (+89.3%)** led, followed by **Big Data/Analytics (+51.5%)**, **Healthcare (+50.3%)**, **Cognitive Computing (+48.4%)**, **Factory Automation (+48.0%)**, and **Cloud Providers (+42.9%)**. **Business Process (+13.8%)** and **Ecommerce (+4.2%)** trailed, and **Consumer (-3.0%)** was the only decliner. Currency was effectively neutral, subtracting roughly one basis point.

Those top two subsectors carried 47.5% of index weight and delivered 37.6 of the quarter's 55.7 percentage points, roughly 68% of the total return. Overall, we saw ten constituents more than double during the period, as money flowed into the systems supporting our inference economy.

Astera Labs (+340.7%) contributed 5.3 percentage points on its own, on record May-quarter revenue of $308 million, up 93% year over year, and June inclusion in the Nasdaq-100. **Credo Technology (+189.7%)** reported May-quarter revenue up 157% and guided fiscal 2027 growth above 80%. **MediaTek (+185.9%)** doubled its 2026 data center target for custom AI chips to $2 billion after winning content in Alphabet's eighth-generation tensor processing unit. **AMD (+185.6%)** grew data center revenue 57% and guided above consensus. **Nebius (+166.2%)** grew revenue nearly eightfold to $399 million. **Global Unichip (+125.4%)**, **Datadog (+120.6%)**, **Infineon (+113.3%)**, **Palo Alto Networks (+112.7%)**, and **Lam Research (+102.9%)** completed the doubles. **IonQ (+84.7%)** and **Veracyte (+82.3%)** led Cognitive Computing and Healthcare.

NVIDIA returned **14.8%**, against 89.3% for the Semiconductor subsector it sits in, despite record April-quarter revenue of $81.6 billion, up 85%. Three forces explain the gap: zero data center Hopper shipments into China, gross margin pressure from the memory cost inflation that lifted the equipment and test names, and a widening share shift toward custom silicon. **MediaTek** and **Global Unichip** are the other side of that third trade. THNQ weights by theme score, which sizes positions on depth of revenue exposure rather than market capitalization, holding NVIDIA near 2% of the index.

Software billed by the seat de-rated even where results were fine. **HubSpot** fell **27.9%** despite raising guidance and swinging to a profit, after repricing its **Breeze** agents to $0.50 per resolved conversation. **CoStar Group** dropped **25.3%** on soft second-quarter guidance and Nasdaq-100 removal. **Autodesk** fell **18.8%** as remaining performance obligations, the contracted revenue not yet recognized, grew 9% against 20% the prior quarter. **Business Process** still finished up **13.8%**, carried by **JFrog (+93.7%)** and **Robinhood (+44.7%)**, which bill by consumption rather than by headcount.

Chinese platform names absorbed two margin shocks at once. **Alibaba**, in Cloud Providers, declined **22.8%** as adjusted net income fell essentially to zero under AI capital spending and a quick-commerce subsidy war, even with cloud revenue up 38%. **JD.com** fell **10.9%** as new-business operating losses widened to RMB 10.4 billion from RMB 1.3 billion, holding **Ecommerce** to **4.2%**.

At the June 19 reconstitution the index added **Marvell Technology**, whose custom silicon and optical signal processing franchises are re-accelerating, and **Cerebras Systems**, which listed on May 14 and builds wafer-scale processors for AI inference. **HubSpot** and **CoStar Group** were removed

Weighted average consensus EPS estimates across the constituent set rose by high single digits for both 2026 and 2027 during the quarter, against low to mid single digit increases to sales estimates (FactSet). Estimates rising faster on earnings than on sales points to margin expansion rather than volume alone.

The binding constraint is shifting from model capability to physical throughput: power, memory, optics, and test capacity. **Lumentum** management said demand for the modulated lasers driving data center optical links exceeds supply by more than 30%, and **Micron** (not an index constituent) said its memory output is committed into 2027. That same pricing is a cost line for constituents shipping finished systems, and a quarter this strong pulls forward return. We will track whether consumption-priced holdings keep outgrowing seat-priced ones through the second half.

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