

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.

HTEC Index 2nd QTR 2026 Commentary

As of June 30, 2026

The ROBO Global Healthcare Technology and Innovation Index (HTEC) ended the second quarter with a return of 14.08%. Following a turbulent start to the year characterized by broader market risk-off rotations and geopolitical tensions, Q2 saw a steady recovery across the healthcare technology space.

This rebound was driven in good part by solid earnings execution and a strong performance in the Genomics subsector. Eight of the index's nine subsectors generated positive returns during the period. This broad participation underscores a stabilizing macro environment where investors are again rewarding fundamental operational strength.

Genomics led the index with a **60.94%** return. As AI makes developing drug candidates faster and cheaper, demand keeps increasing for the underlying technologies that bring these treatments into the real world. Other top contributing subsectors included **Data Analytics** at **17.73%** and **Process Automation** at **12.54%**.

Within the Genomics subsector, **Twist Bioscience Corp** was a top performer, returning **116.50%**. The company benefited from reporting strong sequential revenue growth and securing a new financing facility that alleviated lingering balance sheet concerns.

Veracyte Inc also contributed heavily to the growth of the subsegment, posting an **82.33%** gain. Its advanced diagnostic tests achieved broader commercial payer coverage and scale during the quarter.

The broader **Medical Instruments** subsector grew **9.85%**. **Integra LifeSciences Holdings Corp** was a notable driver here, returning **90.66%**. This increase followed a first-quarter earnings report that highlighted improved operating margins and successful manufacturing optimization efforts, which met analyst expectations.

In the **Data Analytics** space, **Tempus AI Inc** advanced **28.11%**. The company successfully capitalized on sustained demand for real-world clinical data integration.

Telehealth was the only subsector to post a negative return, declining **20.08%**. The group faced continued operational headwinds in international markets as consumer behavior shifted back toward traditional in-person care models. This shift caused multiple compressions across digital platforms.

Within **Telehealth**, **Alibaba Health Information Technology Ltd** fell **33.92%**. **JD Health International Inc** also experienced a significant drop, falling **30.23%**.

In the Medical Instruments group, **Boston Scientific Corporation** dropped **31.98%**. This decline occurred after the company adjusted its organic revenue forecast, which prompted a selloff despite the firm maintaining a highly profitable core business.

In the **Regenerative Medicine** subsector, **Artivion Inc** fell **38.64%**. This selloff followed a reduction in its full-year revenue guidance that offset positive market sentiment from recent regulatory product approvals.

The fundamental drivers for healthcare technology remain firmly intact. Core industry challenges such as aging populations, clinical labor shortages, and rising healthcare costs are only accelerating. These factors create a sustained demand curve for efficiency-enhancing technologies.

While multiple sensitivities persist for large-cap medical devices, the underlying durability of these businesses is steady. Companies within the HTEC index remain well positioned to capture long-term value by delivering the specific clinical and technological solutions needed to solve these systemic problems. The focus moving forward will likely remain on execution, cash flow generation, and the successful commercial scaling of next-generation platforms.

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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