

ROBO Index 4Q25 Commentary

As of December 31, 2025

The ROBO Global Robotics and Automation Index (ROBO) saw a +6.1% performance during the fourth quarter with seven of the eleven subsectors positive, outperforming the Vettafi Full Developed World Index's +3.12% return. Overall, the robotics market exited 2025 with real velocity after a multi-year flat-to-down cycle with revenue growth, profitability, and industry excitement all improving simultaneously, benefiting from strengthening end markets and renewed capital expenditure cycles.

During the final quarter of the year, **Manufacturing & Industrial Automation (+19.0%)** saw strong performance, led by recent addition and photonics leader **Coherent (+71.3%)**, semi-inspection player **Teradyne (+40.7%)**, **Yaskawa Electric (+41.9%)**, and industrial robotics stalwart **Fanuc (+35.6%)**, each benefiting from strengthening end markets. **Healthcare (+29.1%)** saw broad strength as geopolitical tensions cooled and muted valuations began to normalize, with **Globus Medical (+52.4%)**, **Illumina (+38.1%)**, and **Intuitive Surgical (+26.6%)** leading the pack. **Autonomous Systems (-14.0%)** pulled back slightly from what has been a strong overall year, though most constituents remained solid performers for the full year.

Everyone is going to sound like a broken record, but Physical AI is genuinely poised to take off in 2026. During the year, robotics is expected to be a central focus for national security and industrial resilience all around the world, and, for example, the U.S. is anticipated to introduce a "National Robotics Strategy". Ultimately, the world will continue to reward companies that push the boundaries of the economics of physics, which is increasingly robotic.

HTEC Index 4Q25 Commentary

As of December 31, 2025

The ROBO Global Healthcare Technology and Innovation Index climbed +18% this quarter, pushing 2025 total returns to 26.9%, its strongest performance since the pandemic. The quarter saw seven of nine subsegments finishing in the green. Regenerative medicine +42.3% and genomics led the way, with **Axogen (+83.9%)** once again a highlight after securing full FDA approval for its first-in-class off-the-shelf nerve repair solution. Liquid biopsy names also maintained their strong run with top performers **Grail (+413%)**, **Guardant Health (+237%)**, and **Adaptive Biotechnologies (+98.8%)**.

M&A momentum helped drive the late-year rally, led by the buyout of **Hologic** at a 46% premium and **Abbott's** \$21 billion move for **Exact Sciences** at close to 50% above market. Q4 saw **Robotics (+27.4%)** claw back its earlier losses on the strength of robust procedure volumes, even as system installations continued to lag. December saw most favored nation pricing agreements between the US administration and Big Pharma, easing fears of tariff threats and stabilizing market sentiment.

THNQ Index 4Q25 Commentary

As of December 31, 2025

The ROBO Global Artificial Intelligence Index ended the year strong (+30.8%), though the final quarter was essentially flat (-0.5%), with nine of ten subsectors negative and slightly underperforming the VettaFi Full Developed World Index's +3.1% return.

Despite strong earnings season performance (90.9% beating sales estimates, 82.4% beating EPS), concerns over a potential "AI bubble" and circular revenue deals brought a pullback to some names. **Cloud Providers (-10.6%)** was the weakest subsector in Q4, though notably remained the best-performing group for the full year at +82.4%.

The broader **Semiconductor ecosystem (+14.4%)** finished strong, with **Teradyne (+40.7%)**, **Lam Research (+28.0%)**, and **AMD (+32.4%)** each posting raised outlooks while **NVIDIA** remained flat. **Network & Security (-2.3%)** saw mixed results, with AI networking photonics player **Lumentum (+126.5%)** surging as the market begins to appreciate its upside across AI chip and datacenter leaders, while **Astera Labs (-15.0%)**, **Pure Storage (-20.0%)**, and **Palo Alto Networks (-9.5%)** lagged.

Looking to 2026, AI infrastructure spending should remain robust while Physical AI and edge deployments open new growth vectors beyond the datacenter.

About VettaFi

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