Robotech strategy

Global Equities rise as the US cuts interest rates for the first time since December 2024

- Small and Mid-cap stocks could gain ground on larger cap peers as macro conditions ease
- Stronger performance from AI infrastructure; continued weakness in healthcare
- Alibaba added to the portfolio, the market leader in AI cloud computing in China

Tom Riley
Portfolio Manager, Robotech strategy

What's happening?

Global Equity markets continued to show strength during the month, with the MSCI All Country World Total Return Index rising 3.6%[1] in USD terms. A slightly weaker jobs market coupled with stable inflation data gave the Federal Reserve comfort to cut interest rates in the US for the first time since December 2024. With the first cut now behind us, the market is now anticipating a further 2 cuts by the Fed before year end.

The stock market responded positively to an easing of financial conditions, with the Technology Sector performing well during the month. Historically, small and mid-cap stocks have performed well during interest rate cutting cycles. With small and mid-cap companies having lagged their larger cap peers over the last few years, there is the potential for that gap to narrow in a more favourable environment.

Portfolio positioning and performance

The Robotech strategy rose during the month (in USD terms) but lagged the broader equity market during the period. Our exposure to the Healthcare sector weighed on performance.

AI infrastructure stocks were generally strong in the quarter. We have seen Nvidia making an increasing number of strategic partnerships, most notably with Open AI during September to enable Open AI to deploy at least 10 gigawatts of AI datacenters. There remains some market skepticism on durability of these incredibly high levels of spend, but we are encouraged by the size and scale of these commitments and the increasing applications of Artificial Intelligence that are beginning to emerge and be monitised. Associated with this theme, we saw strong performance during the month from TSMC (Manufacturer of AI Chips), Schneider Electric (Power Infrastructure for Data Centers), Teradyne (Semiconductor Testing), alongside AI Chip designers Nvidia and Broadcom.

[1] Source: Bloomberg as of 30/09/2025 in USD.

Our Healthcare holdings have been weaker performers in 2025 and this continued again in September. Uncertainty at Procept Biorobotics weighed on the share price meanwhile Dexcom and Intuitive Surgical have continue to lag this month despite solid earnings results during the summer.

We sold our position in AMD following a period of solid performance for the company and exited the remainder of our position in ON Semiconductor. We used the proceeds to increase our positions in Monolithic Power, a semiconductor company well exposed to both AI and Analog. We also increased our position in Alphabet on signs of market share gains in Gemini – Google's AI Model.

In the software space, we exited our position in construction software company Procore and increased our position in design software company PTC. We also reduced our position in Synopsys (Electronic Design Automation Software) following weakness in its IP business and challenges in China.

We continue to be optimistic on the recovery of the warehouse automation sector and increased our positions in Cognex (Machine Visions for inspection), Zebra (Warehouse Automation Solutions) and Impinj (RFID chips used for asset tracking). Within healthcare we trimmed some more of our position in Intuitive Surgical. Whilst results at Intuitive have been good and we have seen strong adoption of DaVinci 5, its latest generation surgical robot, political challenges in the US healthcare industry have continue to weigh on sentiment and we see better near-term opportunities elsewhere.

During the month we added Alibaba to the portfolio, as the market leader in AI cloud computing with their own deep research model, we believe it is well positioned to capitalise on the industry growth in China. We also added a position in AXON, a public safety Technology solution, who's camera-based AI solutions are driving significant productivity within law enforcement.

Outlook

Markets have settled following significant volatility earlier in the year around the tariff announcements in the US. Investor sentiment has continued to improve as trade agreements have been reached at levels generally seen as lower than feared, whilst time has been given to negotiate further with China. During earnings season, we have seen a reassuring resilience of company results and an optimism that greater stability in global trade will allow companies to make investment decisions with greater clarity. The tariffs are seen by the US administration as a key tool to address what they deem to be unfair trade practises for many nations around the world and making foreign imports more expensive will be a key driver to support US manufacturing and reshore activity and jobs domestically. Ultimately, Trump's manufacturing agenda, if successful, should favour major investments in the US and we believe the Robotech strategy is well positioned to benefit from this. We also believe that Trump's push for deregulation and the emphasis on speeding up permitting process for construction should aid activity here.

We have seen very strong levels of CAPEX from the large Technology companies as they invest heavily in the infrastructure required for artificial intelligence and have seen indications that this heavily spending will continue in to 2026. This has been further supported by the passing of the "One Big Beautiful Bill Act" in the US which allows for the immediate depreciation of infrastructure and R&D investments and is expected to provide significant tax savings for companies investing heavily. In Europe, we have seen initiatives principally from Germany, who have launched a 500 billion Euro Infrastructure and Climate Bill set up to support investment in Germany over the next 12 years as well as an initiative from 61 Corporates in Germany to invest 631bn Euros domestically by 2028.

Stock/company examples are for explanatory/illustrative purposes only. They should not be viewed as investment advice or a recommendation from AXA IM. These examples do not represent all of the securities purchased, sold or recommended for the client's accounts. No representation is made that these were or will be profitable.

No assurance can be given that the Robotech Strategy will be successful. Investors can lose some or all of their capital invested. The Robotech strategy is subject to risks including; Equity; Emerging markets; Investments in specific sectors or asset classes; Global investments; Investments in small and/or micro capitalisation universe; ESG.

To the extent that any fund is mentioned in this document, neither the fund nor AXA IM Asia is making any representation with respect to the eligibility of any recipients of this document to acquire the units/shares in the fund under the laws of Korea, including but without limitation the Foreign Exchange Transaction Act and Regulations thereunder. The units/shares have not been registered under the Financial Investment Services and Capital Markets Act of Korea, and none of the units/shares may be offered, sold or delivered, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to applicable laws and regulations of Korea.

In Taiwan, this document is issued by AXA Investment Managers Asia Limited (SFC License No. AAP809), which is authorized and regulated by Securities and Futures Commission. This document and the information contained herein are intended for the use of professional or institutional investors and should not be relied upon by retail investors. They have been prepared and issued for private informational and educational purposes only at the sole request of the specified recipients, and not intended for general circulation. They are strictly confidential, and must not be reproduced, circulated, distributed, redistributed or otherwise used, in whole or in part, in any way without the prior written consent of AXA IM Asia. They are not intended for distribution to any persons or in any jurisdictions for which it is prohibited.

If any fund is highlighted in this communication (the “Fund”), its offering document or prospectus contains important information on selling restrictions and risk factors, you should read them carefully before entering into any transaction. It is your responsibility to be aware of and to observe all applicable laws and regulations of any relevant jurisdiction. AXA IM Asia does not intend to offer any Fund in any country where such offering is prohibited.

The offer, distribution, sale or re-sale of fund units/shares in Taiwan requires approval from and/or registration with Taiwanese regulatory authorities. To the extent that any units/shares of the Funds are not so licensed or registered, such units/shares are made available in Taiwan on a private placement basis only to banks, bills houses, trust enterprises, financial holding companies and other qualified entities or institutions (collectively, “Qualified Institutions”) and other entities and individuals meeting specific criteria (“Other Qualified Investors”) pursuant to the private placement provisions of the Rules Governing Offshore Funds. No other offer or sale of such units/shares in Taiwan is permitted. Taiwanese purchasers of such units/shares may not sell or otherwise dispose of their holdings except by redemption, transfer to a Qualified Institution or Other Qualified Investor, transfer by operation of law or other means approved by the Taiwan Financial Supervisory Commission.

For Malaysian investors: as the recognition by the Malaysian Securities Commission pursuant to Section 212 of the Malaysian Capital Markets and Services Act 2007 has not been / will not be obtained nor will this document be lodged or registered with the Malaysian Securities Commission, the shares referred to hereunder (if any) are not being and will not be deemed to be issued, made available, offered for subscription or purchase in Malaysia and neither this document nor any other document or other material in connection therewith should be distributed, caused to be distributed or circulated in Malaysia.

For Thailand investors: nothing in this document shall constitute in any manner whatsoever a proposal to make available, offer for subscription or purchase or to issue an invitation to purchase or subscribe for any securities in Thailand or a proposal to implement any of the foregoing in Thailand nor has this document been approved by or registered with the Securities and Exchange Commission of Thailand (“SEC”). No person receiving a copy of this document may treat the same as constituting an invitation or offer to him in Thailand and such person shall not distribute or make available this document in Thailand. The issuer of this document shall not be liable in any manner whatsoever in the event this document is distributed or made available to any person in Thailand receiving a copy of this document. Since no application for approval has been or will be made to the SEC for the offering of the securities, or for the registration of this document, the securities shall not be offered for subscription or purchased or made available, whether directly or indirectly, in Thailand. It is the sole responsibility of recipients wishing to take any action upon this document to satisfy themselves as to the full observance of the laws of Thailand, to comply with all relevant government and regulatory approvals, and to comply with all applicable laws, including but not limited to exchange control laws.

For Investors in People’s Republic of China (PRC): this document does not constitute a public offer of the product, whether by sale or subscription in the PRC. The product is not being offered or sold directly or indirectly in the PRC to or for the benefit of, legal or natural persons of the PRC. Further, no legal or natural persons of the PRC may directly or indirectly purchase any of the product or any beneficial interest herein without obtaining all prior PRC’s governmental approvals that are required, whether statutorily or otherwise. Persons who come into possession of this document are required by the issuer and its representatives to observe these restrictions.

For Brunei investors: This document has not been delivered to, licensed or permitted by Autoriti Monetari Brunei Darussalam. Nor has it been registered with the Registrar of Companies. This document is for informational purposes only and does not constitute an invitation or offer to the public. As such, it must not be distributed or redistributed to and may not be relied upon or used by any person in Brunei other than the person to whom it is directly communicated and who belongs to a class of persons as defined under Section 20 of the Brunei Securities Market Order, 2013.

For Filipino investors: The shares or units referred to in this document (if any) have not been registered with the Securities and Exchange Commission under the Securities Regulation Code. Any future offer or sale thereof is subject to registration requirements under the Code unless such offer or sale qualifies as an exempt transaction.

For Vietnam investors: This document does not contemplate an offer to sell the interests in any funds in Vietnam. The document has not been approved by the State Securities Commission of Vietnam or any other competent authorities in Vietnam which takes no responsibility for its contents. No offer to purchase the interests in any funds will be made in Vietnam and this document is intended to be read by the addressee only and must not be passed to, issued to, or shown to the public generally. The value of the interests in any funds, the possibility of gaining profit and the level of risk stipulated in this document is purely for reference purposes only and may change at any time depending on market status. Investment in fund(s) does not carry any assurance that investors will make a profit. Investors should themselves carefully balance the risks and the level of those risks before they make any decision to invest in any funds. It is investors’ responsibilities to ensure that they are eligible to make investment in any funds. Investors are responsible for obtaining all applicable approvals and complying with requirements under Vietnamese laws.