BearBull Global Investments Group

MACRO RESEARCH INSIGHT

CROSS-ASSET ANALYSIS — *ROBOTICS & AI*

October 2026



ROBOTICS: THE FUTURE OF ARTIFICIAL INTELLIGENCE – Part 3

- ✓ An exceptionally attractive market entry point in Q4 2026
- ✓ Simulated performance that outperforms the indices

ROBOTICS: THE FUTURE OF ARTIFICIAL INTELLIGENCE – Part 3

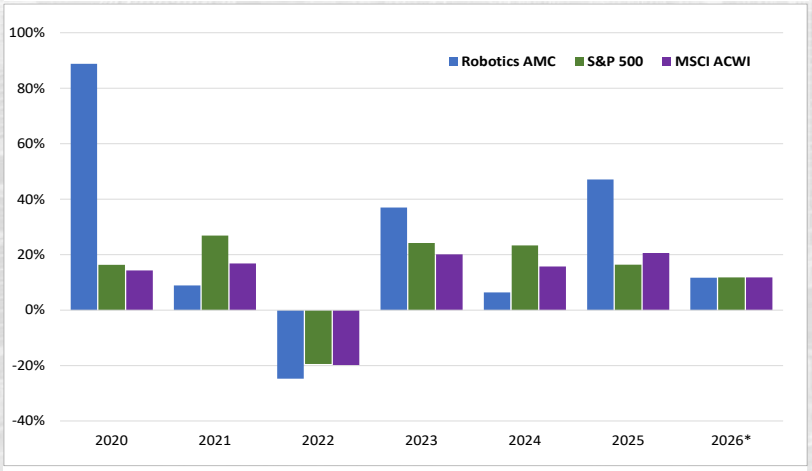
Strategic Reset Creates Multi-Year Entry

A valuation correction across Chinese humanoid pure-plays has reset segment prices by -35% to -70% from early 2026 highs, triggered by Unitree's post-IPO decline and stricter listing criteria. However, operational expansion continues unabated, supported by China's dominant cost structures and steady industrial component demand. This pullback provides an appealing entry point into physical AI, backed by the safety of an established industrial foundation. Furthermore, capping volatile pure-plays at 2% while anchoring in profitable suppliers ensures effective risk management.

Portfolio Construction Manages Volatility

A gradual exposure strategy isolates portfolio risk by placing capital-intensive, unlisted, or low-margin humanoid developers in a lower-weight diversification tier. In contrast, the core allocation is anchored by cash-flow-generative component suppliers and established industrial automation leaders. Continuous monitoring of component order books ensures weightings are dynamically adjusted as new hardware supply bottlenecks emerge. Consequently, this structured approach enables investors to capture high-beta humanoid upside without taking on unmitigated binary execution risk.

Annual performance (USD)



Sources : Bloomberg, BBGI Group

Simulated Performance Yields Significant Outperformance

In a simulated run from December 2019 to September 2026 using its current composition and monthly rebalancing, the strategy generated a +271% return in U.S. dollars (+21.4% annualized). This performance substantially outpaced broad market benchmarks, including the S&P 500 (+13.6% annualized) and the MSCI ACWI (+10.9% annualized). Multi-year outperformance was primarily driven by strong hardware acceleration cycles in 2020 (+89%) and 2025 (+47%). Ultimately, these results validate the long-term compounding potential of positioning across the full robotics value chain.

Value Capture Favors Upstream Component Specialists

Just as upstream compute providers captured the majority of early financial returns in software AI, positioning across physical AI infrastructure and critical components replicates this successful investment model. By prioritizing specialized actuator manufacturers and precision component suppliers, the portfolio avoids the need to predict which individual robot manufacturer will ultimately dominate the market. These critical suppliers extract high-margin value regardless of which downstream humanoid brand scales fastest. As a result, upstream supply chain exposure offers a vastly superior risk-adjusted profile.

Volatility Profile Reflects Early-Stage Adoption

While long-term returns remain compelling, the strategy carries an annualized volatility of 28% compared to 17% for the S&P 500, alongside a maximum drawdown of 31%. Monthly returns in the simulation ranged from a high of +23% to a low of -18%, reflecting the emerging nature of Hong Kong-listed pure-plays and Asian small-caps. However, this thematic volatility is a structural feature of early-stage physical AI deployment rather than a permanent loss of capital. Consequently, the strategy functions best as a high-growth thematic allocation rather than a core broad-market replacement.

Physical AI Represents Next High-Value Evolution

Robotics is rapidly emerging as the next major high-value application area for artificial intelligence, extending algorithms from digital software into perception, reasoning, and physical execution. The industrial robotics foundation acts as a safety net, protecting capital during early-stage deployment while funding participation in the humanoid revolution. As foundation models integrate into physical machines, automated hardware will unlock unprecedented productivity gains across global supply chains. Positioning across the entire physical AI ecosystem positions portfolios to capitalize on this multi-decade economic transition.



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