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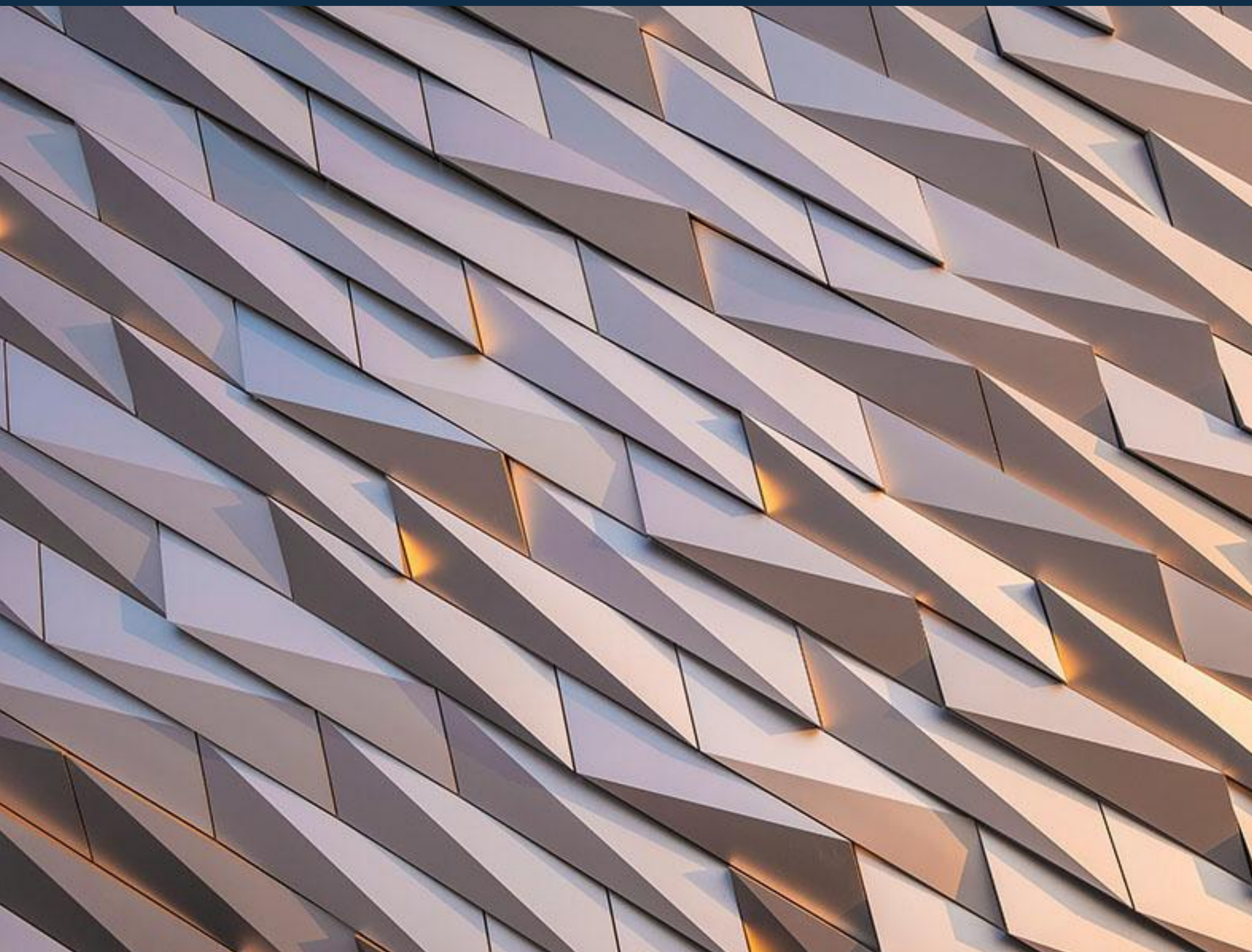
Atlas Monthly Equity Navigator

SEPTEMBER 2026



Relief Rally, Rising Stakes

August delivered a decisive relief rally in AI infrastructure, but the euphoria of 2025 has not returned. Global equities gained close to 2% with technology (+5%) and materials (+9%) leading. Hyperscaler capex commentary and datacenter build-out earnings stayed extraordinarily strong through the reporting season, and the correction that hit AI infrastructure names in July has, for now, been reversed.

The recovery is real, but it is not yet the kind of broad, convinced rally that characterized 2024 and early 2025. Investors remain split on how much of the AI trade is durable structural demand versus a crowded, cyclical bet, and the sector's heavy capital expenditure and thin free cash flow generation continue to invite scrutiny every time sentiment wavers.

The bigger swing factor heading into September is the bond market. New Fed Chair Kevin Warsh used his Jackson Hole remarks to reopen the door to a rate hike rather than a cut, and yields responded: the US 10-year climbed toward its highest level since January 2025, and the 30-year touched levels last seen in 2007. That combination—resilient AI infrastructure earnings against a hawkish central bank and rising discount rates—sets up a rotation-heavy September. We still see the primary bull market as intact, even allowing for minor correction should sentiment sour, and a year-end rally remains plausible as long as FOMO persists among under-invested allocators.

1. AI Infrastructure: Relief Rally, Not Redemption
   - **Bottleneck cluster leads the bounce:** Foundry equipment, advanced packaging, power generation and cooling infrastructure posted the strongest earnings trends in the complex in August, reinforcing that AI infrastructure demand extends well beyond chips and should remain visible in results at least into 2027.
   - **Conviction still incomplete:** Datacenter capex commentary from hyperscalers validated near-term demand, but investors remain wary of the cyclicality, elevated capex and weak free cash flow generation embedded in the trade—this is a relief rally, not a return to unconditional AI enthusiasm.
2. Bond Yields Bite Back
   - Fed Chair Kevin Warsh used his Jackson Hole remarks to reopen the door to a September rate hike rather than a cut, a sharp reversal from the rate-cut narrative that dominated markets earlier in 2026. The US 10-year yield pushed toward its highest level since January 2025 and the 30-year touched levels not seen since 2007, directly threatening the valuations of long-duration growth and AI infrastructure equities should the move extend.
3. Picks-and-Shovels Still the Place to Be
   - The AI infrastructure bottleneck thesis—spanning foundry equipment, advanced packaging, power generation and cooling—remains intact beyond the chipmakers themselves and should, in our view, keep delivering a strong earnings trend well into 2027. The same structural logic applies to electrification and adjacent sub-themes.
4. Rotation Continues, Bull Market Intact
   - Investors are rotating across regions and styles as they balance higher yields, resilient earnings, AI infrastructure cyclicality, weak free cash flow generation, and a macro backdrop that remains strong but volatile. We view the primary bull market in equities as intact even allowing for a correction, and a year-end rally remains plausible as long as FOMO persists among investors who remain underexposed to the rally.
5. Robotics: The Next Infrastructure Leg
   - **Industrial automation, not speculative:** Global robot installations have stayed above 500k units a year for four straight years, with the installed base still growing at a high-single-digit pace. Labor scarcity, reshoring, and rising throughput and quality requirements across autos, electronics, batteries and logistics make this look like a durable, recurring capex cycle rather than a discretionary one, with a growing aftermarket of parts, vision systems, integration and software layered on top.
   - **Humanoids: the high-optionality layer:** Early deployments remain narrow—material handling, warehouse picking and line-side logistics—with shipment volumes still only in the thousands of units. The scale case hinges on falling hardware costs, better AI-driven task generalization, and robots-as-a-service pricing; some forecasts see shipments eventually reaching the tens of millions annually, though we'd treat that as scenario upside rather than a base case.

Global Equity Performance

United States

- US equities posted broad gains in August, with the S&P 500 up close to 3%. The S&P 500 touched a fresh all-time high on mild inflation data around mid-month, before the advance stalled as Treasury yields spiked into month-end on Fed Chair Warsh's hawkish Jackson Hole signal. Datacenter capex commentary from hyperscalers kept AI infrastructure names in favor even as software stayed more cautious, while robotics-exposed names stood out on accelerating demand for robotics-assisted manufacturing inside datacenters.

Europe

- European equities extended their strong 2026 run, with the Stoxx 600 near record highs and up roughly 13% year-to-date, supported by Q2 earnings growth of around 20%—the strongest in nearly four years—and a composite PMI back above 52. Inflows returned after the Iran-related wobble earlier in the year, though leadership has shifted: suppliers of chips, materials and equipment behind the AI data-centre build-out, as well as banks, rather than the region's traditional luxury and pharma winners, have driven much of the advance.

Emerging Markets & Japan

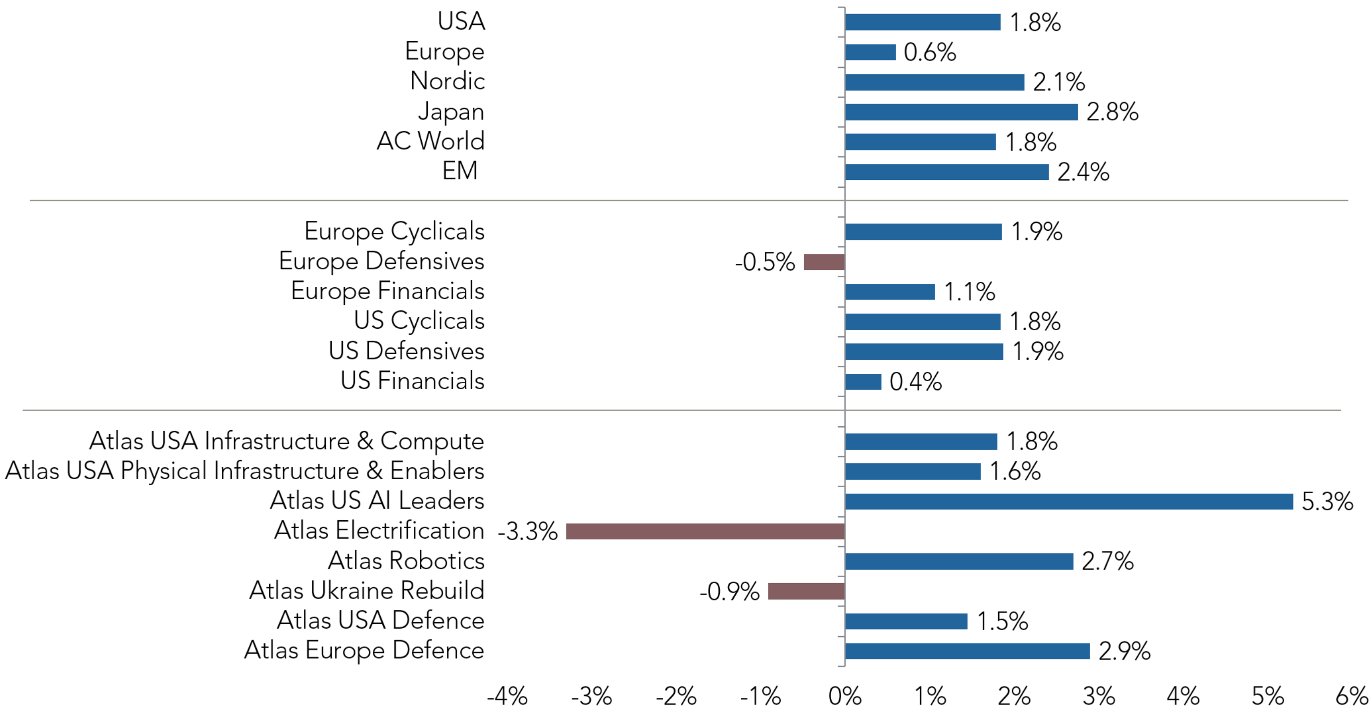
- Emerging markets and Japan remain the standout major markets in 2026. Broader emerging markets have benefited from the AI infrastructure boom, a softer dollar and the ongoing cyclical recovery, though EM remains sensitive to any renewed bout of dollar strength should US yields keep climbing.

Themes & Styles

Equity markets continue to reward the AI infrastructure and electrification bottleneck complex, even as headline sentiment swings between relief and renewed caution. With yields resurgent and earnings season behind us for another quarter, near-term risk has shifted from an AI demand scare toward a rates scare—but the underlying thematic case for the picks-and-shovels of the AI build-out looks, to us, no less durable than it did before the July correction.

- Thematic opportunities:
    - AI Picks-and-Shovels: Foundry equipment, advanced packaging, and power & cooling infrastructure continue to post the strongest earnings trends in the AI complex and should remain in favor well into 2027, beyond the chipmakers themselves.
    - Atlas Robotics: The theme continues to benefit from the same infrastructure build-out, posting some of the strongest returns in the Atlas range in August. Industrial automation remains the proven, cash-generative leg of the theme, while humanoid deployments—still only in the thousands of units globally—represent the higher-optionality, longer-duration call option within it.
    - Atlas Electrification: The recent pullback does not, in our view, undermine the multi-year electrification bottleneck case; we see the drawdown as a buying opportunity rather than a change in thesis.
    - European and US Defence: NATO spending commitments remain intact and continue to support the theme regardless of the broader rotation between growth and value.
    - Japan Semiconductor Supply-chain: Governance reform and a weaker yen continue to support the market’s status as 2026’s best-performing major index. The AI infrastructure investment theme is also spilling over to the Japanese stock market through the broad semiconductor supply-chain: they sell the tools, materials, inspection systems, and test equipment needed to manufacture AI accelerators, HBM memory, and advanced packaging—not merely the chips themselves.

Atlas Equity Chart of the Month: Regional index, style-basket and Atlas thematic strategy returns, euro terms, August



Source: Evli Atlas Portfolio Technologies; Total returns in euros.

Key Risks & Considerations

Central Bank Surprises: Fed Chair Kevin Warsh's hawkish Jackson Hole remarks reopened the door to a September hike rather than a cut, a genuine break from the rate-cut narrative that dominated for most of 2026. Any further surprise from the Fed—or other major central banks—could jolt an already-jittery bond market. Recent inflation data point to a hike already in September.

The US 10-Year Above 5%: The 10-year yield is now within striking distance of the 5% threshold last tested in early 2025. A durable break above that level would pressure the valuations of long-duration growth names and would mark a materially different regime from the rate-cut environment investors had priced for much of the year.

AI Infrastructure Cyclicality and Free Cash Flow: Earnings from the AI infrastructure complex remain very strong, and the bottleneck thesis—spanning foundry equipment, packaging, power and cooling—looks intact well into 2027. But heavy capital expenditure and weak free cash flow generation across the complex would leave the theme vulnerable to any capex-discipline signal from hyperscalers or a broader growth scare.

Geopolitics, Elections and Oil: Watch for mega-IPOs testing the durability of AI sentiment, the US midterm elections in November, and oil prices given lingering tension around the Strait of Hormuz. Any of these could add to an already-volatile macro backdrop heading into year-end.

Final Thoughts

August's market action reinforced a lesson from the July correction: the AI infrastructure bottleneck thesis is resilient, but it is not immune to bouts of doubt. The rebound in foundry equipment, advanced packaging, power and cooling names shows genuine demand persists beyond the chipmakers, even as conviction remains more fragile than it was a year ago.

The dominant swing factor for September is no longer AI sentiment—it is the bond market. Fed Chair Warsh's hawkish turn and the surge in long-end yields represent a real change in regime from the rate-cut expectations that shaped markets for most of 2026, and how equities absorb a genuinely live hike scenario will likely determine whether the relief rally extends or stalls.

We continue to see the primary bull market in equities as intact. A year-end rally remains plausible as long as FOMO persists among investors who remain underexposed to the rally, but the setup calls for discipline rather than complacency.

Maintain conviction in the picks-and-shovels of the AI and electrification build-out—foundry equipment, advanced packaging, power and cooling, and adjacent themes like robotics—while watching closely for surprise central bank moves, a 10-year yield durably above 5%, mega-IPOs, the US midterm elections, and oil prices. Position portfolios for a market that remains structurally bullish but is now navigating real, rather than merely narrative, rate risk.

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