

Quarterly Insights

Q3 2026

The third quarter of 2026 was defined by validation rather than broad-based momentum. U.S. equities delivered a narrower and more uneven advance: the S&P 500 rose approximately 2.0% and the Nasdaq Composite 2.5%, while the Federal Reserve resumed rate hikes and the 10-year Treasury yield reached its highest level since 2002. In China, technology and consumer did not experience a synchronized cyclical turnaround; instead, both entered a "validation phase". Domestic compute moved from being "usable" to large-scale deployment and the hard-tech exit window widened significantly, but greater listing certainty does not equal a greater valuation margin of safety. The overall recovery in consumption remained weak, with service consumption outpacing goods consumption. In healthcare, embodied AI has become the most crowded theme in technology investing, yet the binding constraint in medicine sits in physical-interaction data and precision spatial sensing rather than in the "brain". Across sectors, primary-market pricing should return to supply-side barriers, unit economics and realizable exit valuations.

Key Takeaways

Healthcare

Perception, Not Intelligence, Is the Bottleneck

Capital is concentrating on vision-language-action models, but in medicine the binding constraint is physical-interaction data and precision spatial sensing. 86% of the FDA-cleared surgical robots reviewed remain at Level 1. We prefer to be paid for accuracy today rather than for autonomy tomorrow.

Technology

Supply Bottlenecks and Verifiable Commercialization

Domestic compute has moved from being "usable" to large-scale deployment, with memory, advanced packaging and interconnects offering greater certainty than standalone GPU design. Model competition is shifting to delivered gross margins; pricing discipline matters more than listing certainty.

Consumer

From Scale Narratives Back to Operating Quality

Service retail sales have clearly outpaced goods retail sales, but tourism shows "rising volume, weak pricing". Chain brands are bidding farewell to "new stores equal growth", while emotional-value brands still command a premium. Focus should return to single-store models, franchisee returns and proven localization.

Macro Pulse

US Capital Markets Update

Following the powerful rebound of the second quarter, U.S. equities delivered a narrower and more uneven advance in Q3 2026. The S&P 500 rose approximately 2.0%, while the Nasdaq Composite gained 2.5%, with the S&P 500 setting a record closing high in mid-August before retreating late in the quarter.[1,2,3,4] Entering Q4 2026, the earnings backdrop remains supportive, but investors are taking a more defensive stance. Wall Street's focus is shifting toward whether valuations can absorb the highest Treasury yields in more than two decades and a Federal Reserve that has resumed raising rates.

Q3 Key Drivers and Market Performance

- **Earnings growth accelerated:** Q2 earnings grew approximately 52% year-on-year (YoY), up from about 29% in Q1 and the highest since Q2 2021, or roughly 34% excluding sizeable investment gains at two mega-cap companies.[5,6] Consensus estimates for Q3 EPS were revised higher through the quarter, lifting expected growth to 29.1% YoY from 26.7% at the end of June.[7]
- **AI leadership narrowed the market:** AI-linked technology continued to lead, supported by combined 2026 hyperscaler capex guidance of more than USD 700 billion, but gains became increasingly concentrated in mega-cap stocks.[8,9,10] While the Nasdaq Composite advanced, the Dow Jones Industrial Average fell 2.7% and the Russell 2000 declined 7.5%.[11,12]
- **The energy shock returned:** The U.S.–Iran ceasefire broke down, with renewed attacks on shipping near the Strait of Hormuz.[13] Brent moved back above USD 100 per barrel, WTI rose nearly 30% to around USD 90, and U.S. diesel hit a record above USD 6.50 per gallon.[14,15,16]
- **The Fed resumed rate hikes:** With inflation still elevated and headline CPI at 3.4% in August, the Federal Reserve raised rates by 25 basis points in September to 3.75%–

[1] https://finance.yahoo.com/markets/stocks/articles/major-us-stock-indexes-fared-202054681.html
[2] https://www.aol.com/articles/major-us-stock-indexes-fared-201613000.html
[3] https://www.advisorperspectives.com/dshort/updates/2026/08/21/s-p-500-snapshot-stocks-end-lower-to-snap-3-week-win-streak
[4] https://investrade.com/market-review-september-30-2026/
[5] https://advantage.factset.com/hubfs/Website/Resources%20Section/Research%20Desk/Earnings%20Insight/EarningsInsight_082826.pdf
[6] https://www.carsongroup.com/insights/blog/earnings-check-in-q1-2026-finishes-strong/
[7] https://advantage.factset.com/hubfs/Website/Resources%20Section/Research%20Desk/Earnings%20Insight/EarningsInsight_092526.pdf
[8] https://finance.yahoo.com/sectors/technology/articles/hyperscalers-hit-700-billion-2026-111243744.html
[9] https://cetera.com/files/market-insights/cim-quarterly-recap-3q-2026.pdf-0
[10] https://www.janushenderson.com/en-us/offshore/article/market-moves-themes-that-mattered-september-2026/
[11] https://finance.yahoo.com/markets/stocks/articles/major-us-stock-indexes-fared-202054681.html
[12] https://www.aol.com/articles/major-us-stock-indexes-fared-201613000.html
[13] https://finance.yahoo.com/energy/articles/brent-holds-above-100-tanker-012354706.html
[14] https://finance.yahoo.com/energy/articles/brent-holds-above-100-tanker-012354706.html
[15] https://www.firstfinancialtrust.com/2026/10/01/quarterly-market-review-july-september-2026/
[16] https://www.chase.com/personal/investments/learning-and-insights/article/diesel-prices-september-2026-what-it-means-for-inflation-and-investors

4.00%, its first increase since July 2023, after holding in July with three dissents favoring a hike.[17,18,19,20,21]

- **Bond yields reached a 24-year high:** Persistent inflation, resilient growth and tighter policy pushed the 10-year Treasury yield up about 85 basis points to 5.29%, the highest since 2002, weighing on rate-sensitive and dividend-oriented sectors.[22,23,24,25,26]

Economic Outlook and Market Guidance for Q4 2026

Earnings Must Carry Valuations

With the 10-year yield above 5%, there is limited scope for multiple expansion: the forward 12-month P/E stood at 19.2x in late September, below its five-year average of 19.8x, so Q4 returns will depend on earnings delivery.[27,28] Consensus expects S&P 500 earnings growth of 29.1% YoY in Q3 and 32.0% for full-year 2026, a high bar that leaves little room for disappointment.[29]

Sticky Inflation, Resilient Growth

With headline PCE inflation at 3.4% in August, well above the 2% target, the Fed's median year-end rate projection was revised up in September to 4.1% from 3.8%, implying one further hike in 2026.[30,31] Growth has also proved resilient: Q2 GDP expanded at a 2.2% annualized rate, and the Fed raised its 2026 growth projection to 2.3% while lowering its unemployment forecast to 4.1%.[32,33] August core PCE inflation of 3.0% YoY, below expectations, offered some relief at quarter-end, but with the Fed not projecting inflation to return to 2% until 2029, policy is likely to remain restrictive.[34,35,36]

[17] https://www.bls.gov/news.release/archives/cpi_09112026.htm
[18] https://www.federalreserve.gov/newsevents/pressreleases/monetary20260916a.htm
[19] https://www.federalreserve.gov/newsevents/pressreleases/monetary20230726a.htm
[20] https://www.pnc.com/content/dam/pnc-com/pdf/aboutpnc/EconomicReports/EconomicUpdates/2026/PNC_Economics_Research_FOMC_Statement_16_September_2026.pdf
[21] https://www.federalreserve.gov/newsevents/pressreleases/monetary20260729a.htm
[22] https://home.treasury.gov/resource-center/data-chart-center/interest-rates/TextView?type=daily_treasury_yield_curve&field_tdr_date_value_month=202606
[23] https://home.treasury.gov/resource-center/data-chart-center/interest-rates/TextView?type=daily_treasury_yield_curve&field_tdr_date_value_month=202609
[24] https://investrade.com/market-review-september-30-2026/
[25] https://www.federalreserve.gov/newsevents/pressreleases/monetary20260916a.htm
[26] https://cetera.com/files/market-insights/cim-quarterly-recap-3q-2026.pdf-0
[27] https://home.treasury.gov/resource-center/data-chart-center/interest-rates/TextView?type=daily_treasury_yield_curve&field_tdr_date_value_month=202609
[28] https://advantage.factset.com/hubfs/Website/Resources%20Section/Research%20Desk/Earnings%20Insight/EarningsInsight_092526.pdf
[29] https://advantage.factset.com/hubfs/Website/Resources%20Section/Research%20Desk/Earnings%20Insight/EarningsInsight_092526.pdf
[30] https://www.bea.gov/news/2026/personal-income-and-outlays-august-2026
[31] https://www.federalreserve.gov/monetarypolicy/fomcprojtabl20260916.htm
[32] https://www.bea.gov/news/2026/gdp-third-estimate-industries-corporate-profits-state-gdp-and-state-personal-income-2nd
[33] https://www.federalreserve.gov/monetarypolicy/fomcprojtabl20260916.htm
[34] https://www.bea.gov/news/2026/personal-income-and-outlays-august-2026
[35] https://www.thestreet.com/stock-market-today/stock-market-today-dow-jones-sp-500-nasdaq-updates-sept-30-2026
[36] https://www.federalreserve.gov/monetarypolicy/fomcprojtabl20260916.htm

Sector Opportunities and Risks

- **Semiconductors and AI Hardware:** Semiconductors are expected to deliver Q3 earnings growth of about 126%, lifting Information Technology to 63.5%.[37] Higher discount rates and hyperscaler capex cuts are the key risks.
- **Energy:** With crude prices up nearly 30% over the quarter, Energy is expected to report the highest earnings growth of the eleven sectors, at 111.4%.[38,39] Momentum remains tied to the Middle East and could fade quickly.
- **Utilities and Real Estate:** Rate-sensitive sectors bore the brunt of higher yields: Utilities fell more than 12% in Q3, the weakest sector despite data-center power demand, and Real Estate more than 5%.[40,41] Both remain vulnerable with yields above 5% but would gain early from rate relief.
- **Industrials:** Record diesel prices and higher financing costs squeezed Industrials, which fell about 10% in Q3; margins are the key risk.[42,43]

Seasonal Patterns and Midterm Elections

Historically, the fourth quarter has been the strongest of the year for U.S. equities: since 1950, the S&P 500 has averaged a gain of about 4.2% in Q4 and risen in 61 of 76 years, with midterm-election years averaging more than 6%.[44,45,46] However, volatility has typically been elevated in the run-up to midterms and may rise ahead of November 3 if yields or oil prices climb further;[47] for long-term investors, if fundamentals do not materially deteriorate, a pullback may present a better positioning opportunity.

[37] https://advantage.factset.com/hubfs/Website/Resources%20Section/Research%20Desk/Earnings%20Insight/EarningsInsight_092526.pdf
[38] https://www.firstfinancialtrust.com/2026/10/01/quarterly-market-review-july-september-2026/
[39] https://advantage.factset.com/hubfs/Website/Resources%20Section/Research%20Desk/Earnings%20Insight/EarningsInsight_092526.pdf
[40] https://cetera.com/files/market-insights/cim-quarterly-recap-3q-2026.pdf-0
[41] https://www.clearbrookglobal.com/weekly-market-commentary-september-28-2026/
[42] https://www.chase.com/personal/investments/learning-and-insights/article/diesel-prices-september-2026-what-it-means-for-inflation-and-investors
[43] https://cetera.com/files/market-insights/cim-quarterly-recap-3q-2026.pdf-0
[44] https://finance.yahoo.com/markets/stocks/articles/stock-markets-best-quarter-start-214401812.html
[45] https://fortune.com/2026/09/23/in-midterm-years-october-usually-best-month-for-stocks-gains-78-9-of-the-time/
[46] https://www.chase.com/personal/investments/learning-and-insights/article/how-does-the-stock-market-perform-during-midterm-election-years
[47] https://fortune.com/2026/09/23/in-midterm-years-october-usually-best-month-for-stocks-gains-78-9-of-the-time/

Healthcare

Medicine Meets Physical AI: Why the Bottleneck Is Perception, Not Intelligence

Insights into the physical-interaction data wall, the spatial sensing layer, and where value accrues in medical embodied AI

Summary

Embodied AI has become the most crowded theme in technology investing, and healthcare is repeatedly named as its most valuable end market. We think the enthusiasm is directionally right and the entry point is widely misunderstood. Capital is concentrating on the "brain" — vision-language-action (VLA) models — while the binding constraint in medicine sits one layer down, in physical-interaction data and precision spatial sensing.

The clinical evidence supports a sober reading of where autonomy actually stands. Of 49 FDA-cleared surgical robots reviewed in npj Digital Medicine, 86% remain at Level 1 "robot assistance," and none has ever been cleared at Level 4 or 5[48]. The landmark 2025 autonomous cholecystectomy result from Johns Hopkins was one operative phase performed on eight ex vivo porcine gallbladders[49]. Meanwhile the commercially real businesses — Intuitive at 11,710 installed da Vinci systems, Medtronic's Hugo cleared in December 2025, China's Edge Medical listing in Hong Kong in January 2026 — are all teleoperated Level 1 devices.

The data gap is the more durable constraint. Global high-quality physical-interaction data is estimated at roughly 500,000 hours, against the roughly 100 million hours that AgiBot's leadership publicly argues is needed for reliable open-instruction manipulation[50,51]. For comparison, DROID — a 13-institution, 12-month collection effort — produced 350 hours[52]. In medicine the shortfall is structurally worse: surgical and bedside interaction data cannot be crowdsourced, and the tasks that matter are precisely the contact-rich, sub-millimetre, force-mediated tasks on which today's best VLA models still fail. Two 2026 papers put numbers on this: baseline VLAs succeed on contact-rich insertion tasks only 12.5–37.5% of the time, and success rises to 82% only when force sensing is made a first-class input[53,54].

[48] Review of FDA-cleared surgical robotic systems by level of autonomy. npj Digital Medicine 7:103 (26 April 2024). nature.com/articles/s41746-024-01102-y
[49] Kim JW, Chen J-T, Hansen P, Shi LX, et al. SRT-H: A hierarchical framework for autonomous surgery via language-conditioned imitation learning. Science Robotics (9 July 2025). doi:10.1126/scirobotics.adt5254
[50] WAIC 2026 industry coverage of the physical-interaction data wall (July 2026).
[51] Yao Maoqing (AgiBot), WAIC 2026 remarks on data requirements for generalist embodied models (July 2026).
[52] Khazatsky A, et al. DROID: A Large-Scale In-the-Wild Robot Manipulation Dataset. Robotics: Science and Systems (2024). droid-dataset.github.io
[53] Parés-Morlans A, Kuhn J, Liu Y, Longhini A, Bohg J. Demystifying When and Why VLAs Fail in Contact-Rich Tasks and How to Fix Them. arXiv:2608.01402 (2 August 2026).
[54] Facet-0: A Robotic Foundation Model for Contact-Rich Precise Manipulation. NTU PINE Lab. arXiv:2609.01596 (1 September 2026).

That points our attention to the sensing and data-capture layer — the instrumentation that turns physical work into machine-readable state at clinical tolerance. It is a small line item in a humanoid bill of materials (Bank of America puts vision and sensory systems at roughly 4% of 2030 BOM[55]) but a far better business in medicine, where a USD 9.6 billion surgical navigation market already pays for accuracy, where regulatory approval is earned on measurable error, and where — as of January 2026 — China's national payer explicitly prices robotic assistance in tiers according to the degree of precision delivered[56].

Introduction: An Industry Loud On Capability, Quiet On Tolerance

Global robotics venture funding reached USD 18.8 billion in the first half of 2026, already ahead of the USD 15.0 billion raised across all of 2025; China alone accounted for USD 5.6 billion across 176 deals by mid-May[57,58]. Healthcare is cited in almost every deck. It is worth noting that none of the largest embodied-AI rounds of 2026 was a healthcare company, and that no major data provider currently publishes a healthcare share of embodied-AI funding — a gap that is itself informative.

The reason is not that hospitals are uninterested. It is that healthcare imposes the four conditions embodied AI is least ready for: environments that are unstructured but not chaotic, near-zero error tolerance, continuous human-machine co-working, and manipulation tolerances measured in tenths of a millimetre. Industrial and logistics deployment leads for exactly the inverse reasons. Any medical embodied-AI thesis therefore has to begin with an honest map of where systems already work, where they are demonstrations, and what specifically is missing in between.

Where Medical Embodied AI Actually Stands

Surgery remains teleoperation at scale, not autonomy. Intuitive reported 11,710 installed da Vinci systems as of 30 June 2026, up 12% year on year, with 246 da Vinci 5 placements in the quarter and worldwide procedure growth of roughly 16%[59]. Medtronic received FDA clearance for Hugo in urologic procedures on 3 December 2025 on the back of the Expand URO study — 137 patients, 98.5% surgical success against an 85% performance goal — and has since installed roughly 250 systems across 35-plus countries[60,61]. Johnson & Johnson filed a De Novo request for Ottava in January 2026 and released pivotal FORTE data in May 2026 (30 patients, six US sites, no conversions)[62]. China's cohort has moved from

[55] Bank of America Institute. Transformation / Physical AI, Part 2: Humanoid Robots (12 March 2026).
[56] 国家医疗保障局.《手术与治疗辅助操作类医疗服务价格项目立项指南（试行）》(20 January 2026). nhsa.gov.cn
[57] Crunchbase News. Robotics startup venture funding surges in 2026 (22 June 2026).
[58] Crunchbase News. Embodied AI fuels record funding in China as IPO momentum builds (20 May 2026).
[59] Intuitive Surgical. Second quarter 2026 earnings release (SEC Exhibit 99.1, July 2026).
[60] Medtronic. FDA clearance of Hugo robotic-assisted surgery system for urologic procedures (3 December 2025).
[61] Abern M, et al. Expand URO IDE study results. BJU International (2026). doi:10.1111/bju.70314
[62] Johnson & Johnson. Ottava De Novo submission (7 January 2026); FORTE pivotal study results (5 May 2026).

domestic substitution to export: MicroPort MedBot grew FY2025 revenue 114% to RMB 551 million with 73% of it overseas; Edge Medical listed on the HKEX in January 2026, raising HKD 1.20 billion, with FY2025 revenue up 185% to RMB 456 million and 54 of its 100 installed systems outside China[63,64]. In September 2026 Medtronic committed approximately USD 700 million to Cornerstone Robotics for ex-US distribution rights to a Hong Kong-developed system — the largest medical robotics transaction of the year, and a Chinese-hardware-into-Western-channel deal[65].

Every one of these is Level 1. The autonomy taxonomy used in the field runs from Level 0 (no autonomy) to Level 5 (full autonomy)[66], and the npj Digital Medicine review of 49 cleared systems found 42 at Level 1, four at Level 2, three at Level 3, and none above.

The autonomy research is real but narrow. SRT-H, published in Science Robotics in July 2025, completed the clip-and-cut phase of a cholecystectomy autonomously on eight unseen ex vivo specimens with language-guided self-correction[67]. It is a genuine advance in hierarchical imitation learning. It is not an operation, it is not in vivo, and n=8. We would treat any pitch that cites it as evidence of near-term autonomous surgery as a diligence flag rather than a proof point.

Logistics is where the unit economics are already visible. Serve Robotics' January 2026 acquisition of Diligent Robotics disclosed the cleanest published economics in hospital service robotics: roughly 100 Moxi robots across 25-plus facilities, over 1.25 million autonomous deliveries, and expected annual revenue of USD 200,000–400,000 per hospital — for a purchase price of USD 29 million in stock plus up to USD 5.3 million in earn-out[68]. That valuation tells you a good deal about how the market currently prices deployed hospital autonomy.

Rehabilitation is where reimbursement moved first. CMS set a lump-sum Medicare payment of USD 91,032 for personal lower-limb exoskeletons effective April 2024, gap-filled under the brace benefit because existing codes could not describe the device[69]. Wandercraft received FDA clearance for Eve, a self-balancing personal exoskeleton, in August 2026, with US launch in September 2026[70]. Payment, not capability, was the gating item.

Eldercare is policy-led and pre-commercial. China's MIIT and Ministry of Civil Affairs launched a 2025–2027 pilot for intelligent eldercare service robots with concrete qualifying thresholds — 200 households and at least 200 units for home care, 20 institutions and 20

[63] MicroPort MedBot (2252.HK). FY2025 annual results (26 March 2026).
[64] Edge Medical (2675.HK). HKEX listing (8 January 2026) and FY2025 results.
[65] Medtronic. Strategic partnership with Cornerstone Robotics (1 September 2026).
[66] Yang G-Z, Cambias J, Cleary K, et al. Medical robotics — regulatory, ethical, and legal considerations for increasing levels of autonomy. Science Robotics 2(4):eaam8638 (2017).
[67] Kim JW, Chen J-T, Hansen P, Shi LX, et al. SRT-H: A hierarchical framework for autonomous surgery via language-conditioned imitation learning. Science Robotics (9 July 2025). doi:10.1126/scirobotics.adt5254
[68] Serve Robotics. Agreement to acquire Diligent Robotics (20 January 2026).
[69] Centers for Medicare & Medicaid Services fee schedule revision for personal exoskeletons, effective 1 April 2024; Lifeward/ReWalk announcement (12 April 2024).
[70] Wandercraft. FDA clearance for Eve, self-balancing personal exoskeleton (11 August 2026).

units for institutional care, with a minimum six-month validation period[71]. Against a 60-plus population moving from 320 million toward 400 million by 2035, the policy intent is unambiguous[72]. What does not yet exist, on our search, is a verified humanoid performing a clinical or care task at scale in any hospital or eldercare institution. Product launches, CES demonstrations and refundable pre-orders are not deployment.

Table 1: Where medical embodied AI actually stands, September 2026

Segment	Autonomy level today	Best commercial / clinical evidence 2025–26	Read
Surgical robotics	Level 1 (teleoperation)	Intuitive 11,710 installed systems (Jun 2026); Medtronic Hugo FDA-cleared Dec 2025, ~250 installed; J&J Ottava De Novo filed Jan 2026; Edge Medical HKEX IPO Jan 2026, MedBot FY25 revenue +114%	Commercially mature, but the machine is a wrist, not a surgeon
Autonomous surgical tasks	Level 2–3 (research only)	SRT-H completed the clip-and-cut phase of cholecystectomy on 8 ex vivo porcine specimens (Science Robotics, Jul 2025)	Genuine advance; not yet in vivo, not a whole procedure
Hospital logistics	Level 3–4 (bounded environment)	~100 Moxi robots, 25+ facilities, 1.25m deliveries; USD 200–400k annual revenue per hospital; acquired for USD 29m + USD 5.3m earn-out (Jan 2026)	Only segment with published unit economics
Rehabilitation / exoskeleton	Level 1–2	CMS lump-sum payment of USD 91,032 per personal exoskeleton (Apr 2024); Wandercraft Eve FDA-cleared Aug 2026	Reimbursement, not capability, was the gate
Eldercare / companion humanoids	Demonstration	MIIT / MCA pilot 2025–27 requires 200 households and 200 units to qualify; no verified at-scale clinical deployment found	Policy-led and pre-commercial

Source: company disclosures, regulatory filings, published literature and VMS internal analysis

The Data Wall, and Why It Is Deeper In Medicine

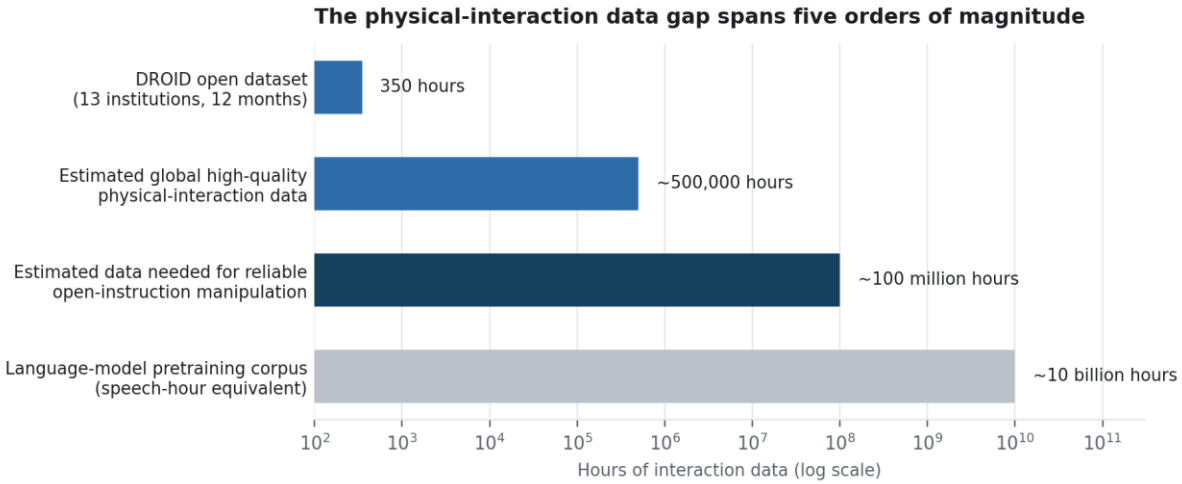
The most useful frame we heard this year came out of WAIC 2026 in Shanghai: before physical intelligence can emerge, the field has to get through a data wall. Global high-quality physical-interaction data was put at roughly 500,000 hours — several orders of magnitude below the corpora that produced today's language models, and roughly one two-hundredth of the approximately 100 million hours AgiBot's leadership argues is

[71] 工业和信息化部办公厅、民政部办公厅.《关于开展智能养老服务机器人结对攻关与场景应用试点工作的通知》工信厅联通装函〔2025〕212号 (26 May 2025).
[72] 新华社. Coverage of the silver economy and eldercare robotics (4 March 2026).

required to reach 70–80% success on common tasks under open-ended natural-language instruction[73,74].

The scale of the open datasets makes the point concretely. Open X-Embodiment pooled over one million real robot trajectories across 22 embodiments from 34 laboratories[75]. DROID — 13 institutions, 12 months, three continents — yielded 350 hours[76]. AgiBot World Beta contributed roughly one million trajectories from 100 robots[77]. Set against roughly 100 trillion tokens of language pretraining data, the physical corpus is not merely small; it is a different order of magnitude entirely.

Figure 1: The physical-interaction data gap



Source: Open X-Embodiment, DROID, WAIC 2026 industry commentary and VMS internal analysis. Language-model figure converted from ~100 trillion pretraining tokens to speech-hour equivalent.

Collection is also expensive in a way text never was. Real-machine teleoperation data in China prices at RMB 500–1,000 per hour, with synthetic and non-real-machine trajectories expected to settle at one-half to one-third of that[78]. The response has been industrial: JD.com has mobilised staff and social participants toward a target of 10 million hours of first-person video within two years; AgiBot operates a 4,000 m² data-collection facility in Pudong; Figure disclosed 16 million crowdsourced egocentric videos and a USD 1 billion twelve-month commitment to data and compute[79,80].

None of this transfers cleanly to medicine. Surgical and bedside interaction data cannot be crowdsourced from consumer volunteers, cannot be collected without institutional

[73] WAIC 2026 industry coverage of the physical-interaction data wall (July 2026).
[74] Yao Maoqing (AgiBot), WAIC 2026 remarks on data requirements for generalist embodied models (July 2026).
[75] Open X-Embodiment Collaboration. Open X-Embodiment: Robotic Learning Datasets and RT-X Models. arXiv:2310.08864 (2023).
[76] Khazatsky A, et al. DROID: A Large-Scale In-the-Wild Robot Manipulation Dataset. Robotics: Science and Systems (2024). droid-dataset.github.io
[77] AgiBot / OpenDriveLab. AgiBot World Beta dataset documentation.
[78] 36Kr. Coverage of China's embodied-AI data collection industry and pricing (April and June 2026).
[79] 36Kr. Coverage of China's embodied-AI data collection industry and pricing (April and June 2026).
[80] Figure AI. Introducing Index (25 August 2026).

review, and is governed by privacy regimes that make cross-border pooling difficult. The data that would train a genuinely capable medical embodied system has to be captured in situ, by instrumented devices, inside regulated workflows. Whoever owns that capture channel owns the input to the next generation of models — which is a very different competitive question from who has the best model architecture today.

Why The "Brain" Is Not The Binding Constraint In A Hospital

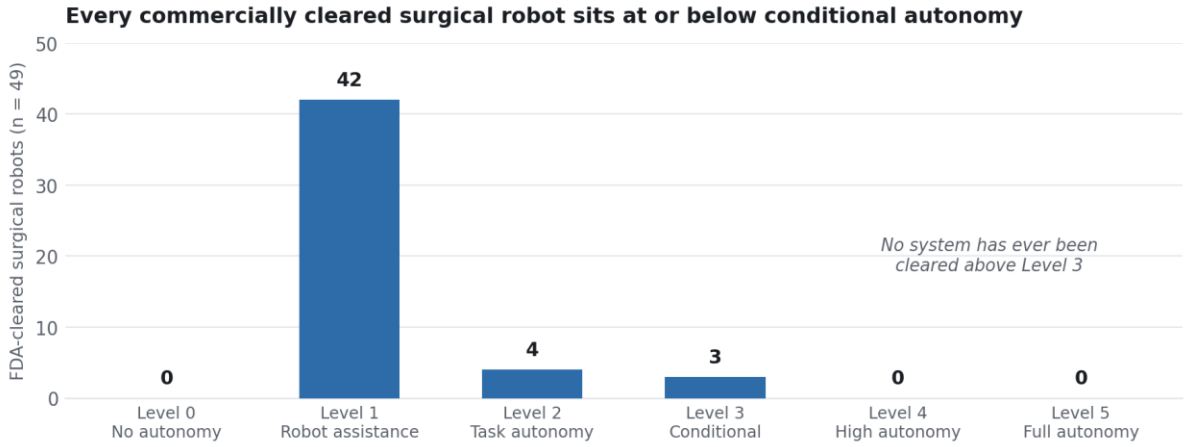
The most important technical finding of 2026, for our purposes, is that today's best VLA models fail specifically on the class of tasks medicine is made of.

A Stanford group's August 2026 analysis of contact-rich manipulation reported baseline VLA success rates of 30.0% on plug insertion, 15.0% on key insertion, 12.5% on button pushing and 37.5% on USB insertion. The diagnosed causes were structural rather than incidental: standard training noise schedules allocate only about 9% of gradient signal to the low-noise regime required for sub-millimetre adjustment, and force history carries no temporal structure in the architecture[81]. A separate NTU result in September 2026 achieved 82% mean success on precision assembly at 0.10–0.30 mm clearances against 15% for the strongest vision-only baseline — the difference being six-axis wrist force/torque sensing with causal wrench history[82].

Read that against a surgical specification. Optical navigation systems used in neurosurgery and orthopaedics are specified at 0.12 mm RMS[83]. Instrument-tip placement, screw trajectory and catheter navigation are all judged on sub-millimetre error. The gap between what a general-purpose VLA can currently do and what a Class III device must do is not a gap in reasoning. It is a gap in sensing bandwidth, sensing modality and force feedback — and, upstream of that, in the absence of training data that contains force and precise pose at all.

[81] Parés-Morlans A, Kuhn J, Liu Y, Longhini A, Bohg J. Demystifying When and Why VLAs Fail in Contact-Rich Tasks and How to Fix Them. arXiv:2608.01402 (2 August 2026).
[82] Facet-0: A Robotic Foundation Model for Contact-Rich Precise Manipulation. NTU PINE Lab. arXiv:2609.01596 (1 September 2026).
[83] Northern Digital Inc. Polaris Vega ST published specifications.

Figure 2: Autonomy levels of FDA-cleared surgical robots



Source: npj Digital Medicine 7:103 (2024), review of 49 FDA-cleared surgical robotic systems; autonomy taxonomy per Yang et al., Science Robotics (2017)

The Sensing Layer: Where The Incumbent Constraints Are

Precision spatial tracking in medicine has been a two-modality market for two decades, and each modality's limitation is well documented by its own vendors.

Table 2: Precision spatial tracking modalities compared

Modality	Representative system	Stated accuracy	Structural limitation
Optical	NDI Polaris Vega ST	0.12 mm RMS (pyramid volume), 60 Hz	Requires uninterrupted line of sight
Optical, high-rate	Atracsys fusionTrack 500	0.08 mm RMS at ≤2.0 m, 335 Hz, ~4 ms latency	Requires uninterrupted line of sight
Electromagnetic	NDI Aurora	0.70 mm RMS position, 0.30° orientation	Conductive and ferromagnetic distortion
Electromagnetic	Polhemus VIPER	0.38 mm RMS position, up to 960 Hz	Conductive and ferromagnetic distortion
Permanent-magnet (emerging)	Ommo ORBIT	Sub-millimetre within a 650 mm radius, up to 1 kHz, 6DoF	Range-bound; early commercial stage

Source: vendor published specifications (NDI, Atracsys, Polhemus, Ommo) and VMS internal analysis

Optical tracking is the accuracy leader and requires uninterrupted line of sight — a real constraint in a crowded operating field, and a disqualifying one inside the body or inside a robot's own workspace. Electromagnetic tracking removes the line-of-sight requirement at roughly a three- to six-fold accuracy cost, and remains susceptible to conductive and ferromagnetic distortion; NDI states plainly that no electromagnetic tracker is immune to conductive or ferromagnetic metals[84]. The market that sits on top of these two options

[84] Northern Digital Inc. Electromagnetic tracking technology overview and Aurora specifications.

was estimated at USD 9.6 billion in 2025, with electromagnetic systems at 41.4% of it, growing toward USD 26.9 billion by 2033[85].

Tactile and force sensing is following a steeper cost curve. Fingertip tactile sensors that cost roughly RMB 100,000 from overseas suppliers are now offered domestically at RMB 199; PaXini raised more than RMB 1 billion in March 2026 at a valuation above RMB 10 billion[86]. Deflation of that magnitude changes what can be designed into a device, and it is the reason we expect force-instrumented medical tooling to become normal rather than premium over the next three years.

What Could Be Wrong With This View

Three honest objections.

The bill-of-materials argument. Bank of America projects vision and sensory systems at approximately 4% of humanoid bill of materials by 2030, against roughly half for actuators[87]. On that basis, sensing looks like a poor place to sit. Our response is that the humanoid BOM is the wrong denominator for a medical thesis: a surgical navigation system is priced as a regulated capital device with recurring disposables, not as a component inside an RMB 300,000 robot, and the same sensing core carries very different gross margin in the two channels.

Commoditisation. The PaXini price collapse cuts both ways — it argues that sensing hardware deflates fast. The defensible position is therefore not the sensor but the combination of a regulated quality system, embedded design-in at customers, and the data the sensor generates. Hardware that cannot travel with a customer's regulatory filing is a component; hardware that can is infrastructure.

Regulatory and reimbursement timing. The EU postponed AI Act obligations for AI embedded in regulated products from August 2027 to August 2028, which removes near-term friction but also signals how unsettled the framework is[88]. SAGES published a three-tier risk framework in June 2026 that would place any system capable of initiating irreversible actions independently in the highest tier[89]. And in China, the National Healthcare Security Administration's January 2026 pricing guideline created — for the first time nationally — separate line items for robotic surgical assistance, tiered as navigation, participating execution and precision execution, with a remote-surgery assist fee as a standalone item[90]. We read that last development as the most consequential policy event of the year for this sector: a national payer has begun pricing the degree of precision a

[85] Grand View Research. Surgical Navigation Systems Market Report (2026).
[86] 财新. PaXini Series B financing (6 March 2026).
[87] Bank of America Institute. Transformation / Physical AI, Part 2: Humanoid Robots (12 March 2026).
[88] EU Digital / AI Omnibus provisional agreement (May 2026), postponing Annex I high-risk obligations to 2 August 2028.
[89] SAGES. Regulating digital surgery to balance safety and innovation. Surgical Endoscopy 40(7):5480–5490 (19 June 2026).
[90] 国家医疗保障局.《手术与治疗辅助操作类医疗服务价格项目立项指南（试行）》(20 January 2026). nhsa.gov.cn

machine contributes. That is a direct monetisation path for the sensing layer, and it did not exist eighteen months ago.

Three Tests We Apply

One — does perception close the loop at the tolerance the task requires? A model that can describe a procedure and a manipulator that can execute a trajectory are each incomplete. The scarce asset is a system whose sensing bandwidth, latency and error budget are matched to a specific clinical tolerance, and that has been shown to hold that budget on a real workflow rather than on a benchmark.

Two — where does the data come from, and who controls the channel? In language, everyone competed over the same public corpus. In physical AI, and overwhelmingly so in medicine, data is generated by instrumented work inside regulated environments. We would rather own a position in the capture channel than in a model that the next architecture will commoditise.

Three — what does a payer actually pay for? We separate demonstration capability from payable capability. The questions are unglamorous: failure rate, payback period, repurchase rate, and whether a reimbursement code exists at all. The Diligent economics (USD 200,000–400,000 per hospital per year), the CMS exoskeleton lump sum (USD 91,032) and the NHSA precision tiers are the kind of evidence we weight. A video of a robot folding gauze is not.

Case Study: OMMO

In July 2026, VMS Group co-led the Series A financing of Ommo Technologies, a spatial intelligence company, in a round of tens of millions of US dollars[91,92].

Ommo's approach is a third path in a two-modality market. Instead of infrared cameras or AC-driven coils, the system uses mechanically rotating permanent magnets to generate an encoded, low-frequency quasi-static field, and reads six-degree-of-freedom pose from miniature magnetometers — with sensing elements as small as 0.8 mm, sub-millimetre accuracy within a 650 mm operating radius, update rates up to 1 kHz, and no line-of-sight requirement[93,94]. Because the field encoding is designed for real-time distortion correction, it targets the metal-interference problem that has constrained conventional electromagnetic tracking[95].

[91] 36Kr. Exclusive: Ommo Technologies Series A financing (6 August 2026). eu.36kr.com/en/p/3927419946629256
[92] BioPharma APAC. Ommo Technologies raises Series A to scale spatial intelligence platform for physical AI (13 August 2026).
[93] Ommo Technologies. Technology Overview.
[94] Ommo Technologies. ORBIT 3D tracking system product documentation.
[95] 36Kr. Exclusive: Ommo Technologies Series A financing (6 August 2026). eu.36kr.com/en/p/3927419946629256

What made the opportunity interesting to us was not the medical navigation business alone, but the fact that the same primitive serves both sides of the thesis. Sub-millimetre, occlusion-free pose is what a surgical navigation system needs at the point of care — and it is also what a data glove needs in order to capture human hand operation with enough fidelity to be worth training on. The company's embodied-AI inbound, by its own account, came from customers looking for precision in flexible manipulation and for a way to address the scarcity of three-dimensional physical-operation datasets[96]. A sensing platform that is qualified for a regulated clinical channel and useful as a training-data instrument sits at the exact chokepoint we have described: it is paid today for accuracy, and it accumulates the data the layer above it will need tomorrow.

Outlook and Perspective

We think the current situation in medical embodied AI rhymes with intelligent vehicles a decade ago, and the lesson from that cycle is that economics, not capability, sets the pace of penetration. Capability announcements arrive years before the sensor stack is cheap enough, accurate enough and qualified enough for the regulated version of the same task.

Three things would change our view. A credible in vivo Level 3 result in a real surgical workflow would pull autonomy timelines forward materially. A reimbursement code that pays for autonomous rather than assisted execution — the NHSA tiering is the first step toward exactly that — would change the return profile for anyone selling precision. And a demonstration that simulation or human video can substitute for instrumented physical data at clinical tolerance would undermine the data-channel argument entirely; we have seen nothing yet that does so on contact-rich, force-mediated tasks.

Until then, our preference is to be paid for accuracy today rather than for autonomy tomorrow. The systems that will eventually do meaningful clinical work will be built on top of a sensing and data layer that has to be commercially viable in its own right, long before the autonomy arrives. That layer is where we would rather own the position.

[96] 36Kr. Exclusive: Ommo Technologies Series A financing (6 August 2026). eu.36kr.com/en/p/3927419946629256

Technology

Summary

Overall Assessment: In Q3, the technology and consumer sectors did not experience a synchronized, across-the-board cyclical turnaround; instead, both entered a "validation phase". On the technology side, compute, memory and exit channels were the first to deliver, while AI applications still need to prove their gross margins and distribution efficiency. On the consumer side, the overall recovery in consumption remained weak and service consumption outpaced goods consumption, but average spend per customer, per-store output and the quality of overseas operations have emerged as new constraints. The core of primary-market pricing should move away from "sector labels" and return to supply-side barriers, unit economics and realizable exit valuations.

- **Technology:** Domestic compute has moved from being "usable" to large-scale deployment, with memory/HBM, advanced packaging, liquid cooling, power supply and high-speed interconnects offering greater certainty than standalone GPU design; competition among large models is shifting from call volume to delivered gross margins and overseas distribution; Embodied AI and Robotaxi are beginning to show quantifiable validation in shipments, fleets and revenue.
- **Consumer:** Service retail sales have clearly outpaced goods retail sales, but tourism shows "rising volume, weak pricing"; chain brands are bidding farewell to the era of "new stores equal growth", with single-store models and franchisee returns once again becoming the core of valuation; emotional-value brands still command a premium, but the contributions from hit products, price increases, and raw-material and inventory gains need to be separated.
- **Capital Markets:** The hard-tech exit window has widened significantly, with an increasing supply of IPOs in the Hong Kong and A-share markets; however, first-day performance has already diverged, and greater listing certainty does not equal a greater valuation margin of safety. On the consumer side, SHEIN's listing provides a new exit reference, while the secondary market continues to price on the basis of growth sustainability and compliance costs.
- **Investment Recommendations:** In technology, prioritize supply-bottleneck segments, B2B AI applications with positive unit economics, leading Embodied AI players with scaled shipments, and Robotaxi supporting supply chains; in consumer, prioritize high-repurchase service consumption, chain brands with clear single-store models, emotional-value brands with sustained IP-creation capabilities, and companies expanding overseas whose localization capabilities have been proven.

Special Perspective: From Growth Narratives Back To Verifiable Constraints

On the surface, technology and consumer were two independent themes in Q3, but in substance they point to the same shift in pricing: the market no longer rewards growth stories alone and has begun to require that growth be validated against constraints. In technology, the constraints lie on the supply side — advanced process nodes, HBM, advanced packaging, power and export compliance together determine the capacity to deliver compute; in consumer, the constraints lie on the operating side — same-store sales, average spend per customer, franchisee cash payback, inventory turnover and localization capabilities together determine the quality of brand expansion.

This means that primary-market investors should no longer pay a linear premium for labels such as "domestic substitution", "AI applications", "new consumption" and "going global", but should instead pay a premium for two types of assets: segments with bargaining power within supply bottlenecks, and companies whose operating models have been validated by real cash flows. For Pre-IPO projects, investors should additionally assess post-listing valuation support, lock-up periods and the pace of lock-up expiries; for early-stage projects, they should avoid directly back-solving primary-market entry prices from forward pricing in the secondary market.

Capital Market Review: CapEx Steps Up Again; Hot New Listings Coexist With Cold Existing Stocks

During the earnings season at the end of July, Alphabet, Amazon and Meta raised their 2026 CapEx guidance; Microsoft's headline guidance declined owing to an adjustment in lease accounting treatment, but its investment plan on an economic basis remained largely unchanged. Combined guidance from the four companies reached USD 720–745 billion[97]. Market patience for returns is waning: Alphabet's share price fell approximately 5% after it raised its guidance[98], and free cash flow at some cloud providers is already approaching zero or even turning negative[99].

AI hardware momentum remains on the rise. NVIDIA's FY27 Q2 revenue was USD 96.2 billion, up 106% YoY, and it guided next-quarter revenue of approximately USD 108 billion[100]. However, in mid-September, the heads of several leading AI companies publicly warned of the risks posed by rapid technological development; combined with the US 10-year Treasury yield briefly breaking above 5%, this sent the Philadelphia Semiconductor Index

[97] https://www.tmtfinance.com/intel/2026-hyperscaler-capex-tops-us700bn-analysis
[98] https://www.cnbc.com/2026/07/28/hyperscalers-face-higher-capex-scrutiny-after-alphabet-report-panned.html
[99] https://www.tmtfinance.com/intel/2026-hyperscaler-capex-tops-us700bn-analysis
[100] https://nvidianews.nvidia.com/news/nvidia-announces-financial-results-for-second-quarter-fiscal-2027

down 5.9% in a single day[101]. AI assets have become markedly more sensitive to both narratives and interest rates.

The Hong Kong and A-share markets are showing a pattern of "hot new listings, cold existing stocks". CXMT, Unitree Robotics and Enflame Technology listed on the STAR Market in succession, while Zhongji Innolight completed an H-share offering of approximately USD 6.8 billion, the second-largest IPO in Asia this year[102,103]; according to Wind, as of 9 September, there had been 108 new listings in Hong Kong year-to-date, raising approximately HKD 364.2 billion, with proceeds up approximately 160% YoY[104]. Over the same period, the Hang Seng TECH Index was down 16.25% year-to-date as of the end of August, and down 5.41% over the past three months[105]. New supply is diverting liquidity away from existing technology assets.

Investment Insights

For the primary market, listing certainty has improved at the margin, but what truly needs to be assessed is the gap between exit valuations and entry costs, as well as the impact of lock-up periods, the pace of lock-up expiries and liquidity absorption on actual returns.

Core Theme 1: Domestic Compute Enters Large-Scale Deployment; Memory and Packaging Emerge As New Bottlenecks

Domestic Substitution Moves from "Usable" to Large-Scale Adoption

NVIDIA began delivering H200 chips to China in August under a new licensing framework, but its Q3 guidance explicitly excludes any data center compute revenue from China[106,107]. Meanwhile, the US Department of Commerce is reportedly drafting rules to restrict Chinese companies from remotely renting advanced GPUs through data centers in third countries[108]. With limited easing on one side and continued tightening on the other, domestic customers are placing ever greater emphasis on supply security. TrendForce projects that domestic AI chips' share of the Chinese market could approach 90% in 2026[109].

All of the "Four Little Dragons" of Domestic GPUs Are Now Listed, with Pricing Running Ahead of Earnings

On 11 September, Enflame Technology listed on the STAR Market, raising approximately RMB 6.1 billion; its shares closed up 179% on the first day, giving it a market capitalization

[101] https://www.investing.com/news/economy-news/ai-warnings-knock-nasdaq-futures-pressure-tech-stocks-4898987
[102] https://www.cnbc.com/2026/07/30/china-ai-supplier-zhongji-innolight-hong-kong-debut.html
[103] https://www.thestar.com.my/business/business-news/2026/07/22/china039s-zhongji-innolight-seeks-us7bil-hong-kong-listing-asia039s-no-2-in-2026
[104] https://finance.sina.com.cn/stock/relnews/cn/2026-09-10/doc-inirinuu5289122.shtml
[105] https://www.hsi.com.hk/static/uploads/contents/en/dl_centre/factsheets/hsteche.pdf
[106] https://nvidianews.nvidia.com/news/nvidia-announces-financial-results-for-second-quarter-fiscal-2027
[107] https://www.scmp.com/tech/big-tech/article/3365383/nvidia-ships-first-h200s-china-forecasts-no-data-centre-computing-revenue
[108] https://www.tomshardware.com/tech-industry/policy/new-us-export-controls-reportedly-target-chinese-access-to-remote-ai-servers-trump-admins-cut-down-ai-diffusion-rule-could-be-shared-with-industry-as-soon-as-september
[109] https://www.tomshardware.com/tech-industry/artificial-intelligence/chinas-homegrown-ai-accelerators-to-supply-90-percent-of-the-countrys-domestic-market-analysts-suggest-cambricon-and-huawei-expected-to-be-the-biggest-winners-in-the-shift-away-from-nvidia-and-amd

of approximately RMB 170 billion[110,111]. With this, Moore Threads, MetaX, Biren and Enflame have all completed their listings. Enflame's offering implied a 2025 price-to-sales (P/S) ratio of approximately 62x, which rose to approximately 170x after the first-day close, and the company is not yet profitable[112,113]. The secondary market is already pricing domestic GPUs on forward revenue, and the margin of safety for Pre-IPO rounds has narrowed significantly.

Memory Shifts from a Supporting Segment to a Core Asset

On 27 July, CXMT listed on the STAR Market, raising approximately RMB 57.9 billion and surpassing the record set by SMIC in 2020 to become the largest IPO in the STAR Market's history; its shares closed up 466% on the first day, giving it a market capitalization of approximately RMB 3.28 trillion, the largest in the A-share market[114]. The company's preliminary estimates point to H1 revenue of RMB 110–120 billion and net profit attributable to shareholders of the parent company of RMB 50–57 billion[115], as the earnings elasticity of the memory price upcycle was fully unleashed. Tight HBM supply has already driven price increases for domestic AI accelerator cards[116], and memory and advanced packaging are becoming key constraints on the expansion of domestic compute.

Investment Insights

The core question for domestic compute has shifted from "whether customers are willing to use it" to "whether supply can keep up". Bottleneck segments such as memory/HBM supply, advanced packaging, test equipment, liquid cooling, power supply and high-speed interconnects offer greater certainty than standalone GPU design companies. For chip design companies already priced on forward P/S multiples, primary-market investments should be strictly benchmarked against secondary-market comparable companies, lock-up periods and liquidity absorption, so as to avoid paying an excessive premium for the "domestic substitution" label.

Core Theme 2: LLM Competition Shifts To Gross Margins and Distribution Efficiency; Open-Source Models Enter Overseas Cloud Platforms

Model Iteration: Open Source, Long Context and Time-of-Use Pricing

In July, Moonshot AI released Kimi K3. According to information publicly released by the company, the model has approximately 2.8 trillion parameters, features open weights and

[110] https://www.ithome.com/1/000/401.htm
[111] https://news.qq.com/rain/a/20260911A0E37C00
[112] https://news.qq.com/rain/a/20260911A0E37C00
[113] https://www.sohu.com/a/1070141129_121455647
[114] https://www.stcn.com/article/detail/4044150.html
[115] https://www.stcn.com/article/detail/4044150.html
[116] https://pandaily.com/huawei-ascend-950dt-cambricon-hbm-pricing-squeeze

supports a one-million-token context window, with performance benchmarked against leading overseas closed-source models[117]. The official releases of the DeepSeek V4 series have been rolled out successively and have now been iterated to V4.1-Flash, introducing peak/off-peak time-of-use pricing under which off-peak prices are half of peak prices[118]. Time-of-use pricing shows that compute constraints have begun to directly affect how model vendors set prices.

"Token Globalization" Reaches Mainstream Cloud Platforms

According to an official AWS announcement, Kimi K3 was officially launched on Amazon Bedrock on 18 September[119]. Overseas distribution of domestic open-source models is advancing from downloads in open-source communities to commercial distribution on mainstream overseas cloud platforms. For model companies, overseas cloud platforms not only bring incremental revenue but also entail more stringent requirements for availability, compliance and service levels.

Strong Revenue Growth and Improving Gross Margin, but Losses Widen

MiniMax's H1 revenue was USD 117 million, up 283% YoY; gross margin rose from 12.1% in the same period last year to 17.9%, but adjusted net loss widened from USD 139 million to USD 293 million[120]. The share of revenue from enterprise API and other AI enterprise services has risen to 63.4%, indicating strong B2B demand, although revenue growth has yet to translate into overall profitability. Capitalization is advancing in parallel: according to public reports, Moonshot AI has confidentially filed for a Hong Kong listing, although the company has not confirmed the reports and the offering size has not been disclosed[121]; Baidu's AI-powered business revenue now accounts for approximately half of its General Business revenue, with GPU cloud revenue up 283% YoY[122].

Anthropomorphic and Emotional Companionship Products Enter a Phase of Stringent Compliance

The Interim Measures for the Administration of Anthropomorphic AI Interactive Services took effect on 15 July, and platforms such as Doubao and Qwen simultaneously took down their user-created AI agent features[123,124]. The Measures primarily target services that simulate the personality of natural persons and provide ongoing emotional interaction; intelligent customer service, knowledge Q&A and work assistants that do not involve ongoing emotional interaction fall outside their scope of application.

[117] https://www.constellationr.com/insights/news/moonshot-ai-launches-kimi-k3
[118] https://api-docs.deepseek.com/quick_start/pricing/
[119] https://aws.amazon.com/about-aws/whats-new/2026/09/moonshot-ai-kimi-k3-on-amazon-bedrock/
[120] https://www.minimax.io/news/minimax-announces-first-half-2026-financial-results-1787744160
[121] https://technode.com/2026/09/03/moonshot-ai-reportedly-submits-confidential-hong-kong-ipo-filing/
[122] https://www.prnewswire.com/news-releases/baidu-announces-second-quarter-2026-results-302853860.html
[123] https://www.cac.gov.cn/2026-04/10/c_1777558395078289.htm
[124] https://technode.com/2026/07/06/bytedances-doubao-and-alibabas-qwen-to-shut-down-ai-agent-features-on-july-15/

Investment Insights

When evaluating model companies, delivered gross margin should take precedence over revenue growth, and gross margin per token should be tracked on a quarterly basis. Prioritize teams that are deeply embedded in B2B workflows and possess overseas distribution capabilities and inference cost advantages; for products that rely on consumer-facing anthropomorphic interaction, content safety, data compliance and operating costs should be factored into valuations.

Core Theme 3: Embodied AI Gains A Rare Valuation Anchor Backed By Profitability; Financing Remains Highly Concentrated

Unitree's Listing: A Pricing Anchor with Both Shipments and Profits

On 19 August, Unitree Robotics listed on the STAR Market, raising approximately RMB 6.1 billion; its shares closed up 460% on the first day, giving it a market capitalization of approximately USD 50 billion[125]. In 2025, the company generated revenue of approximately RMB 1.7 billion (approximately RMB 390 million in 2024) and net profit of approximately RMB 280 million, with humanoid robot shipments exceeding 5,000 units[126], making it one of the few complete-machine manufacturers in the sector to have achieved profitability. Unitree has provided Embodied AI with a rare secondary-market pricing anchor, while also significantly raising valuation expectations in the primary market.

Total Financing Remains High, with a Highly Divergent Structure

According to ITjuzi, Embodied AI financing in H1 2026 totaled approximately RMB 93.5 billion across 322 deals, approximately five times the amount in the same period last year, with the top 20 companies by financing amount accounting for nearly 60% of the total[127]. In July, there were 34 financing deals totaling approximately RMB 12 billion; deal count increased month-on-month while the amount declined by approximately 30% month-on-month, and single angel-round financings on the order of RMB 1 billion have already emerged[128]. These data are based on incomplete statistics from public disclosures, but they already show a high degree of concentration in the financing structure, and the follow-on financing capacity of mid-tier projects remains to be seen.

Investment Insights

Continue to use real-world operating hours, failure rates, unit payback periods and data closed-loop quality as core due diligence metrics. Unitree's valuation is built on years of accumulated shipments and cost control, and should not be applied linearly to early-stage robot-body (hardware) or "embodied brain" companies. Prioritize complete-

[125] https://finance.yahoo.com/markets/stocks/articles/unitree-robotics-stock-soars-460-111514463.html
[126] https://finance.yahoo.com/markets/stocks/articles/unitree-robotics-stock-soars-460-111514463.html
[127] https://www.huxiu.com/article/4872074.html
[128] https://www.robotsj.cn/shichangdongtai/2192.html

machine manufacturers that have achieved scaled shipments and positive gross margins, as well as high-barrier components that can enter the supply chains of leading complete-machine manufacturers and are difficult to replace through vertical integration.

Core Theme 4: Robotaxi Fleets Scale Up As Platform Partnerships Open Up Overseas Markets

Fleet Size and Revenue Ramp Up in Tandem

Pony.ai's fleet reached 1,975 vehicles at the end of Q2, with a year-end target of more than 3,500 vehicles; Q2 Robotaxi revenue was up approximately 690% YoY[129]. Baidu's Apollo Go now covers 28 cities, with cumulative autonomous driving mileage exceeding 350 million kilometers; it has launched fully driverless commercial operations in Dubai and is conducting testing in Hong Kong[130]. Tesla's Cybercab display vehicles have arrived in China but have not yet obtained an operating permit[131].

Asset-Light Overseas Expansion via Global Mobility Platforms

Pony.ai has agreed with Uber to deploy more than 2,000 Robotaxis in Europe; vehicles in international markets under agreement or in negotiation total more than 4,000[132], exceeding its current total fleet size; Baidu is also conducting road tests in London with Uber and Lyft[133]. Platform partnerships reduce the investment required for overseas customer acquisition and local operations, but also impose higher requirements on vehicle compliance, remote operations and the allocation of accident liability.

Investment Insights

Maintain the "long-term franchised infrastructure" pricing framework, and split the valuation into two parts to be assessed separately: domestic urban operations, and overseas vehicle deliveries and platform revenue sharing. In the supporting supply chain, focus on in-vehicle computing, sensors, drive-by-wire chassis and remote operations platforms, as well as data and testing toolchains adapted to multi-country regulations.

Core Theme 5: Hard-Tech Exit Window Widens Significantly; Pricing Discipline Matters More than Listing Certainty

The Exit Window Is Wider than Expected

In Q3, the density of hard-tech exits significantly exceeded last quarter's expectations: CXMT, Unitree Robotics and Enflame Technology successively listed on the STAR Market,

[129] https://ir.pony.ai/news-releases/news-release-details/pony-ai-inc-reports-second-quarter-2026-financial-results-total
[130] https://www.prnewswire.com/news-releases/baidu-announces-second-quarter-2026-results-302853860.html
[131] https://www.techtimes.com/articles/327677/20260917/tesla-brings-driverless-cybercab-china-no-chinese-permit-operate.htm
[132] https://ir.pony.ai/news-releases/news-release-details/pony-ai-inc-reports-second-quarter-2026-financial-results-total
[133] https://www.prnewswire.com/news-releases/baidu-announces-second-quarter-2026-results-302853860.html

and Zhongji Innolight completed its H-share offering; according to public reports, AI and chip companies such as Moonshot AI and Kunlunxin are also preparing for listings[134]. Overseas, Anthropic has confidentially filed an S-1, with market reports suggesting that it could go public as early as this autumn; OpenAI, meanwhile, has stated that it will not go public in 2026[135].

First-Day Performance Begins to Diverge

An open window does not mean "a premium upon listing". Zhongji Innolight's H shares fell on their first day of trading[136,137]; Enflame's first-day gain was also significantly lower than those of the previously listed Moore Threads (425%) and MetaX (693%)[138]. As supply increases, the secondary market has begun to differentiate among new listings based on earnings, valuation and liquidity.

Investment Insights

The opening of exit channels will push up Pre-IPO pricing in the primary market. Project screening criteria should be upgraded from "whether the company can list" to "the margin of safety of post-listing pricing relative to entry cost", and the assessment should incorporate the pace of lock-up expiries, the diversion of liquidity caused by A+H supply, and valuation volatility among secondary-market comparable companies.

[134] https://technode.com/2026/09/03/moonshot-ai-reportedly-submits-confidential-hong-kong-ipo-filing/
[135] https://www.forbes.com/sites/investor-hub/article/openai-vs-anthropic-ipo-comparison/
[136] https://www.cnbc.com/2026/07/30/china-ai-supplier-zhongji-innolight-hong-kong-debut.html
[137] https://www.thestar.com.my/business/business-news/2026/07/22/china039s-zhongji-innolight-seeks-us7bil-hong-kong-listing-asia039s-no-2-in-2026
[138] https://news.qq.com/rain/a/20260911A0E37C00

Consumer

Capital Market Review: A New Exit Reference Emerges, but Consumer Assets Are Still Priced On Earnings

On 1 September, SHEIN listed on HKEX. The company had previously completed its overseas listing filing with the China Securities Regulatory Commission (CSRC), under which it planned to issue no more than 342 million overseas-listed ordinary shares; the IPO raised approximately USD 1.7 billion, making it one of the larger consumer offerings in the Hong Kong market this year. On its first day of trading, the share price at one point fell nearly 10% below the offer price, before closing at HKD 48.50, close to the offer price of HKD 48.56[139,140,141]. SHEIN's offering provides a new listing reference for global consumer brands driven by China's supply chain, but on its own it is not sufficient to prove that the exit window for consumer projects has fully reopened.

Interim results disclosed in Q3 further widened the performance gap among new consumer companies: Laopu Gold maintained high growth and Pop Mart's domestic business and new IPs continued to expand, while Mixue Group saw store growth outpace revenue growth and a YoY decline in profit. The market has not assigned uniform pricing to "new consumption", but has instead begun to differentiate based on brand premium, store quality and overseas operating capabilities[142,143,144].

Investment Insights

SHEIN's listing provides a new exit reference, but what determines returns is still whether a company can deliver sustained same-store growth and profits at the time of listing, rather than simply having store scale or an overseas expansion story.

Core Theme 1: Service Consumption Emerges As A Relative Bright Spot, but Visitor Volume Is Growing Faster Than Spend Per Customer

Service Retail Clearly Outpaces Goods Retail

From January to August, total retail sales of consumer goods grew 1.1% YoY, of which goods retail sales grew 1.0%; service retail sales grew 4.9%, 3.9 percentage points faster[145,146]. From January to July, retail sales of travel consulting and rental services and of cultural, sports and leisure services grew 11.0% and 10.1% respectively, while communication and

[139] https://www.csrc.gov.cn/csrc/c105984/c7644823/content.shtml
[140] https://www.hkex.com.hk/News/News-Release/2026/260828news?sc_lang=en
[141] https://apnews.com/article/126f7d325f24f37d5bc067b19e98901a
[142] https://www1.hkexnews.hk/listedco/listconews/sehk/2026/0827/2026082700177.pdf
[143] https://www1.hkexnews.hk/listedco/listconews/sehk/2026/0825/2026082500346.pdf
[144] https://www1.hkexnews.hk/listedco/listconews/sehk/2026/0820/2026082000353.pdf
[145] https://www.stats.gov.cn/sj/zxfb/202609/t20260915_1965311.html
[146] https://www.mofcom.gov.cn/xwfb/sjfzrfb/art/2026/art_2766447d355c4e738290c750a2b776f7.html

information services grew 11.9%[147]. While goods consumption remained generally weak, tourism, culture, sports and entertainment, and digital content maintained relatively strong momentum.

Tourism Continues to Show "Rising Volume, Weak Pricing"

In H1 2026, domestic residents made 3.463 billion domestic trips, up 5.4% YoY; total domestic tourism spending was RMB 3.21 trillion, up only 2.0%[148]. A rough estimate based on these two figures implies that spending per trip declined by approximately 3% YoY. The recovery in tourism demand has not been accompanied by a corresponding increase in spending per trip.

Policy Steps Up Support for Service Supply While Continuing Support for Durable Goods

The 15th Five-Year Plan for Expanding Consumption, released in July, lists service consumption such as catering, accommodation, elderly care, cultural tourism and sports, and domestic services as key priorities, and calls for expanding the supply of high-quality services and enriching consumption scenarios[149]. Compared with the trade-in program for durable goods, service consumption depends more on supply quality and sustained operations, and policy stimulus can hardly substitute for the products and scenarios themselves.

Investment Insights

When assessing service projects, visitor volume, spend per customer and repeat purchases should be observed together. Prioritize operators with content or scarce supply that can extend length of stay and capture accommodation and catering spending, as well as high-frequency, essential services such as elderly care, domestic services and health services. For projects whose main narrative is foot traffic, focus on testing customer acquisition costs, peak- and off-season utilization rates, and store-level cash payback.

Core Theme 2: Chain Consumption Bids Farewell To "New Stores Equal Growth"; Single-Store Models Return To The Core

A Mismatch Emerges between Store Expansion and Revenue and Profit

As of the end of June, Mixue Group's store count had increased from 53,014 in the same period last year to 63,987, up approximately 20.7% YoY; of these, 59,609 stores were in Mainland China, with third-tier and lower-tier cities accounting for 58%[150]. Over the same period, the company's revenue grew 2.3% to RMB 15.22 billion, net profit fell 14.7% to RMB 2.32 billion, and gross margin declined 1.2 percentage points to 30.4%[151]. Store scale

[147] https://www.stats.gov.cn/zwfwck/sjfb/202608/t20260817_1965064.html
[148] https://zwgk.mct.gov.cn/zfxxgkml/tjxx/202608/t20260807_966808.html
[149] https://www.mofcom.gov.cn/zwgk/zcfb/art/2026/art_079550c54c264303a9d45b35a8000a9f.html
[150] https://www1.hkexnews.hk/listedco/listconews/sehk/2026/0827/2026082700177.pdf
[151] https://www1.hkexnews.hk/listedco/listconews/sehk/2026/0827/2026082700177.pdf

continued to expand, but this did not translate proportionally into headquarters revenue and profit.

Franchise Systems Enter the Stage of Density-Driven Operations

In H1, Mixue opened 5,455 new franchised stores and closed 1,289, with closures slightly higher than in the same period last year; overseas stores decreased from 4,733 to 4,378, as the company optimized its existing stores in Indonesia and Vietnam while entering Mexico, Kyrgyzstan and Brazil[152]. For mature chain brands, the next stage is not merely to keep opening stores, but to improve per-store output, franchisee returns and regional supply chain efficiency.

Investment Insights

Valuations of chain consumer businesses should shift from store-count multiples back to single-store models. Due diligence should break down same-store sales, closure rates, franchisee payback periods, gross margin on headquarters supply and initial equipment revenue by store opening year and city tier, to prevent new store openings from masking weakness in mature stores. For projects in lower-tier markets, same-brand cannibalization resulting from increasing store density should also be assessed.

Core Theme 3: Emotional Value Still Commands A Premium, but The Contributions From Hit Products and Price Increases Need To Be Separated

Premium Gold Jewelry Sustains High Growth, with Profits Driven by Both Brand and Gold Prices

Laopu Gold's H1 revenue was RMB 19.81 billion, up 60.3% YoY; net profit was RMB 4.27 billion, up 88.2% YoY, and gross margin rose from 38.1% to 41.3%[153]. Overseas revenue grew 107.8%, accounting for 16.7% of revenue. However, the company also disclosed that the improvement in gross margin was partly attributable to low-cost inventory stocked at the end of 2025, price increases at the end of February 2026, and the marginal contribution from revenue growth[154]. The high growth reflects not only brand premium but also gold price and inventory cycle factors.

Designer Toys Shift from a Single Hit to a Multi-IP Portfolio

Pop Mart's H1 revenue was RMB 17.17 billion, up 23.8% YoY, and net profit attributable to shareholders of the parent company grew 10.1%; revenue from its China business grew 47.3%, while overseas revenue declined 11.1%[155]. Revenue from THE MONSTERS declined approximately 7.5% YoY, with its share of revenue falling from 34.7% to 26.0%; revenue from

[152] https://www1.hkexnews.hk/listedco/listconews/sehk/2026/0827/2026082700177.pdf
[153] https://www1.hkexnews.hk/listedco/listconews/sehk/2026/0825/2026082500346.pdf
[154] https://www1.hkexnews.hk/listedco/listconews/sehk/2026/0825/2026082500346.pdf
[155] https://www1.hkexnews.hk/listedco/listconews/sehk/2026/0820/2026082000353.pdf

Twinkle Twinkle increased from RMB 390 million to RMB 2.65 billion, becoming a new source of growth[156]. New IPs offset the decline of the previous hit, but profit growth lagged revenue growth. The decline in overseas revenue was concentrated mainly in online channels, while offline businesses in multiple regions continued to grow; the overseas business is better characterized as undergoing a channel-mix adjustment than a broad-based weakening.

Investment Insights

Emotional-value consumption is not a single, uniform sector. For premium gold jewelry, gross margins need to be recalculated at standard gold prices to distinguish craftsmanship premium, price increases and inventory gains; for designer toys, IP concentration, new IP success rates, repurchase cycles and inventory markdowns need to be tracked. Valuations should be based on the ability to continuously create new products and sustain brand premium, rather than treating a one-off hit or a rise in raw material prices as permanent.

Core Theme 4: Consumer Brands Going Global Enter A Localization Validation Phase; Opening Stores Overseas No Longer Equals Overseas Growth

Overseas Revenue Growth and Same-Store Performance Begin to Diverge

MINISO's H1 revenue was RMB 11.50 billion, up 22.4% YoY; of this, overseas revenue from the MINISO brand was RMB 4.06 billion, up 14.9%, but overseas same-store GMV still recorded a low single-digit decline[157]. Pop Mart's overseas revenue declined 11.1% YoY, and Mixue's overseas store count fell 7.5% YoY[158,159]. These three metrics reflect same-store performance, revenue growth and changes in store networks respectively, and should not be compared directly; what they collectively indicate is that overseas businesses must still pass the tests of same-store performance, inventory and profitability.

SHEIN's Listing Provides a New Exit Reference While Also Setting Valuation Constraints

After multiple changes to its listing venue, SHEIN completed its IPO in Hong Kong in September. The listing provides a new exit reference for global consumer brands driven by China's supply chain, but its lackluster first-day performance reflects that the market is still assessing slowing growth, cross-border small-parcel policies, tariffs and compliance costs[160,161]. Overseas revenue scale alone is no longer sufficient to support an assured valuation premium.

[156] https://www1.hkexnews.hk/listedco/listconews/sehk/2026/0820/2026082000353.pdf
[157] https://ir-tc.miniso.com/2026-08-28-MINISO-Group-Announces-2026-June-Quarter-and-Interim-Unaudited-Financial-Results
[158] https://www1.hkexnews.hk/listedco/listconews/sehk/2026/0827/2026082700177.pdf
[159] https://www1.hkexnews.hk/listedco/listconews/sehk/2026/0820/2026082000353.pdf
[160] https://www.hkex.com.hk/News/News-Release/2026/260828news?sc_lang=en
[161] https://apnews.com/article/126f7d325f24f37d5bc067b19e98901a

Investment Insights

For overseas expansion projects, the focus should be on verifying operating performance across different countries, channels and store-opening cohorts, rather than merely looking at the share of overseas revenue. This includes overseas same-store performance, customer acquisition costs, return rates, inventory turnover and single-store cash payback, as well as the degree of localization in procurement, warehousing and management teams; for cross-border e-commerce, tariffs, low-value parcel policies and changes in platform traffic should also be incorporated into stress tests.

Conclusion and Allocation Recommendations

Technology: Allocate around Supply Bottlenecks and Verifiable Commercialization

In technology, compute and memory were the first to deliver in Q3: leading domestic GPU and memory companies listed in a concentrated wave and domestic substitution entered large-scale deployment, while the evaluation focus of large-model competition shifted to gross margins and distribution efficiency. The exit window has widened significantly, but the secondary market has become increasingly cautious in pricing existing technology assets. For long-term, value-oriented institutional investors, the priority now is to maintain pricing discipline amid heated exit expectations, and to prioritize supply-bottleneck segments as well as structural opportunities with verifiable unit economics.

Consumer: From Scale Narratives Back to Operating Quality

In consumer, Q3 continued the pattern of low aggregate growth and structural divergence: service consumption outpaced goods consumption, and emotional-value brands still commanded a premium, but average spend per customer, per-store output and the quality of overseas operations have become new constraints. For long-term, value-oriented institutional investors, consumer investment needs to shift its focus from store count, foot traffic and overseas coverage back to sustainable brand premium, franchisee economics and localization capabilities, avoiding the direct extrapolation of short-term price increases, hit products or store-opening pace into long-term growth.

Common Principle: Deriving Entry Discipline from Exit Prices

Both technology and consumer show that the main risk in the primary market has shifted from “no exit” to “entering at an excessive price and exiting at a lower-than-expected valuation”. Going forward, project screening should front-load three assessments: first, the comparable valuation range at the time of IPO or M&A; second, the impact of lock-up periods and the pace of lock-up expiries on actual returns; and third, whether the company’s operating quality can sustain its valuation through liquidity volatility.

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