

Cash Flow and Carey



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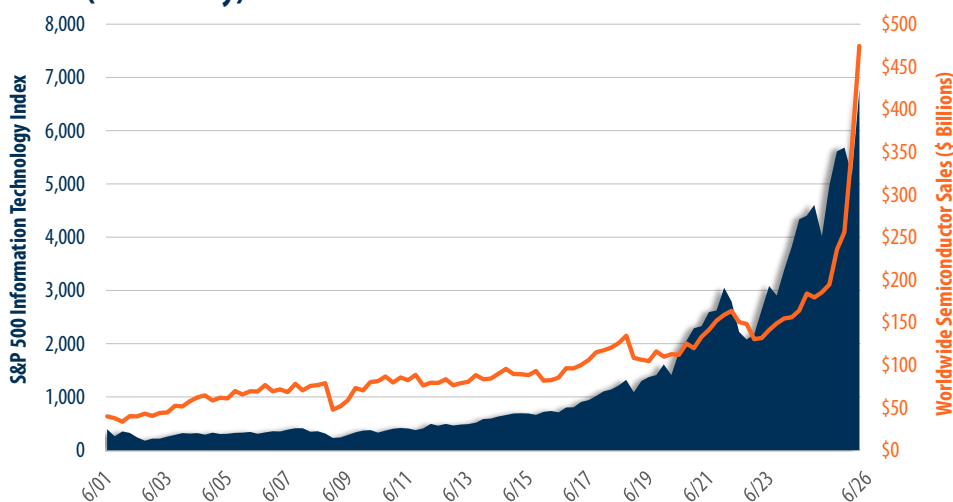
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This chart is for illustrative purposes only and not indicative of any actual investment. There can be no assurance that any of the projections cited will occur. The illustration excludes the effects of taxes and brokerage commissions or other expenses incurred when investing. Investors cannot invest directly in an index. The S&P 500 Information Technology Index is capitalization-weighted and comprised of S&P 500 constituents representing the technology sector.

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Technology Stocks and Semiconductors

Worldwide Semiconductor Sales vs. S&P 500 Information Technology Index (Price-Only)



Bloomberg. Quarterly Data Points from 6/29/2001 through 6/30/2026. **Past performance is no guarantee of future results.**

View from the Observation Deck

Tracking the direction of worldwide semiconductor sales can provide investors with additional insight into the potential demand for tech-oriented products and the overall climate for technology stocks, in our opinion. As evidenced by continued developments in artificial intelligence (“AI”) and robotics, as well as the vast market for smartphones, tablets, and wearables, semiconductors continue to be integrated into everyday life in increasingly creative ways.

Worldwide quarterly sales of semiconductors surged by 143.9% year-over-year (“YoY”) to a record \$474.6 billion in Q2’26 (most-recent quarterly data), up from \$194.6 billion in Q2 2025.

Semiconductor sales continue to benefit from rising demand. Global sales, measured as a three-month moving average, totaled a record \$158.2 billion in June 2026, up from \$64.9 billion in June 2025. Regional demand increased the most in the Americas, rising by 160.9% YoY on a three-month moving average basis in June 2026, followed by Asia Pacific (+124.4%) and China (+112.8%), according to the Semiconductor Industry Association.

Semiconductor sales and technology stock performance appear to move together.

As observed in today’s chart, changes in semiconductor sales often mirror changes in the performance of the S&P 500 Technology Index (“Technology Index”). For example, the Technology Index realized a total return of 37.5% over the trailing 12 months ended June 2026, making it the top-performing sector in the broader S&P 500 Index. Trailing 12-month semiconductor sales increased by 77.9% over the same period.

Takeaway

The Technology Index generated a total return of 28.4% year-to-date (“YTD”) through September 30, 2026, making it the second-best-performing sector in the broader S&P 500 Index over the period. Energy is the only sector to outperform it, boasting a YTD total return of 40.3% amid rising crude oil prices. It appears the general correlation between sales and total return persists, supported by record global sales of semiconductors in Q2’26.

Technology sector total returns have been durable despite rising financing costs, with the sector increasing 6.6% between September 15, 2026 (the Federal Reserve’s most recent rate hike) and October 9, 2026. We find this notable given surging capital expenditure among the sector’s constituents. In our last post on this topic in July, we noted that capital expenditure among the top five U.S. hyperscalers was estimated to total \$691 billion in their respective 2026 fiscal years, up from \$379 billion in 2025.

We see earnings growth estimates as one reason for the sector’s durability in the face of rising costs. According to Bloomberg data, earnings for the Technology Index are estimated to increase 62.9% YoY in 2026. Notably, semiconductor subsector earnings are estimated to increase 126.1% in 2026, up from an estimate of 58.5% on January 2, 2026. As always, these estimates are subject to change.