Monthly Manager Commentary

ATLAS
GLOBAL EQUITY INCOME

June 2026

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During June we introduced a small new position in Lumentum. Following strong share price performance, we took some profits and reduced our exposure to Diploma and Texas Instruments. We also took some profits from SK Hynix following a period of strong performance.

Featured holding – Lam Research

To some people, "plasma" sounds like a fictional substance from 1980s sci-fi movies. Remember *Ghostbusters*, where characters fired concentrated plasma from "proton packs" to trap ghosts?

Well, plasma is real. In simple terms, it is a super-hot, electrically charged gas that has found a critical use in advanced semiconductor manufacture. Often described as the fourth state of matter, it is the next step in thermal transformation.

We all know that heating ice melts it into liquid water. Similarly, we all know that boiling water vaporises it into gas. In turn, exposing gas to extreme temperatures strips away electrons to create plasma.

Consider a neon light: when switched on, a surge of high voltage transforms the internal gas into a glowing plasma of energetic electrons and positive ions, producing its signature vibrant radiance.

The origins of Lam Research

A critical step in silicon chip manufacture involves removing photoresist material once it is no longer required. In the 1950s and early 1960s this relied entirely on a liquid-based process known as wet stripping.

Technicians would submerge silicon wafers in heated baths of volatile organic solvents or highly corrosive acids, such as sulfuric acid blended with hydrogen peroxide. The process was sufficient for the transistor sizes manufactured at the time, but it was hazardous for cleanroom operators, generated toxic waste and lacked precision.

Signetics, one of the first Silicon Valley companies dedicated exclusively to making integrated circuits, developed a *dry* stripping approach in 1968. This removed photoresist by using an oxygen plasma. The method took place within a sealed chamber, protecting operators from toxic chemicals while using significantly smaller amounts of chemical agents. It was a major leap forward.

The origins of Lam Research go back to these early days of dry stripping. In the 1970s, while working on plasma systems at Texas Instruments and Hewlett-Packard, David Lam observed that a process known as dry *etching* worked well in R&D labs but struggled in production. Manual, analogue controls led to massive process variability, as operators frequently made unauthorised and inconsistent adjustments to the delicate chemical environments.

As chips shrank and transistors became microscopic, this human error became unacceptable. Lam realised that smaller features required extreme precision and repeatability. He saw that automating the plasma process by using digital control was the only way to eliminate human variability – paving the way for his groundbreaking, fully automated AutoEtch system.

In 1980 Lam mortgaged his home and secured initial funding from angel investors, including Intel co-founder Bob Noyce. This financial backing allowed him to establish Lam Research in Silicon Valley and bring his idea to life.

Lam Research's AutoEtch 480, released in 1981.

Image: Lam Research. Image reproduced with permission from Lam Research

Novellus acquisition

Lam Research was originally known as a focused specialist rather than a diversified tool supplier. Its engineering expertise and market dominance were highly concentrated in two specific phases of wafer processing: etching (removing materials to create microscopic patterns) and cleaning (washing away residue and impurities from the wafer between manufacturing steps).

Because the company lacked its own material deposition technology, chipmakers had to use a Lam tool to etch a trench and then move the wafer to a machine built by a competitor – for example, Applied Materials or Novellus Systems – to deposit the metal or dielectric film inside that trench.

In 2011 Lam bought Novellus Systems for $3.3 billion, adding critical deposition technology to its existing etch-and-clean portfolio. This strategic transaction successfully integrated adjacent manufacturing steps, transforming Lam into a full-suite supplier of front-end equipment for advanced semiconductor wafer manufacture.

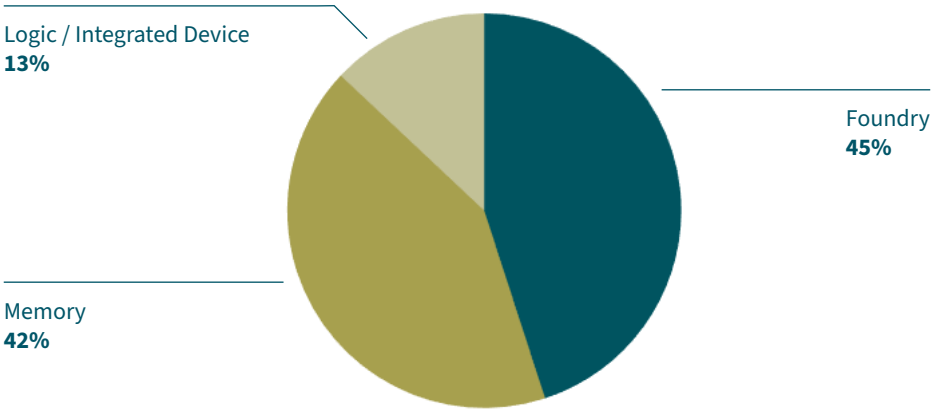
The table below shows the full suite of Lam Research machines across the etch, deposition and clean stages, as offered at year end June 30 2025.

Market	Process/ Application	Technology	Products
Etch	Conductor Etch	Reactive-Ion Etch	Kiyo® Family Versys® Family
	Dielectric Etch	Reactive-Ion Etch	Flex® Family Vantex® Family
	Through-Silicon Via (TSV) Etch	Deep Reactive-Ion Etch	Syndion® Etch
Deposition	Metal Films	Electrochemical Desposition (ECD)	Sabre® Films
		Chemical Vapour Desposition (CVD) Atomic Layer Desposition (ALD)	Altus® Family
	Dielectric Films	Plasma Enhanced CVD	Vector® Family
		ALD	Striker® Family
		Gapfill High-Density Plasma CVD	Speed® Family
Clean	Wafer Cleaning	Wet Clean	EOS® DV-Prime® Da Vinci® SP Series
	Bevel Cleaning	Dry Plasma Clean	Coronus® Family

Source: Lam Research Annual Report 2025

The chart below shows Lam's FY25 revenue by end market. Notice the strong exposure to memory.

Lam Research – FY25 revenue by end market

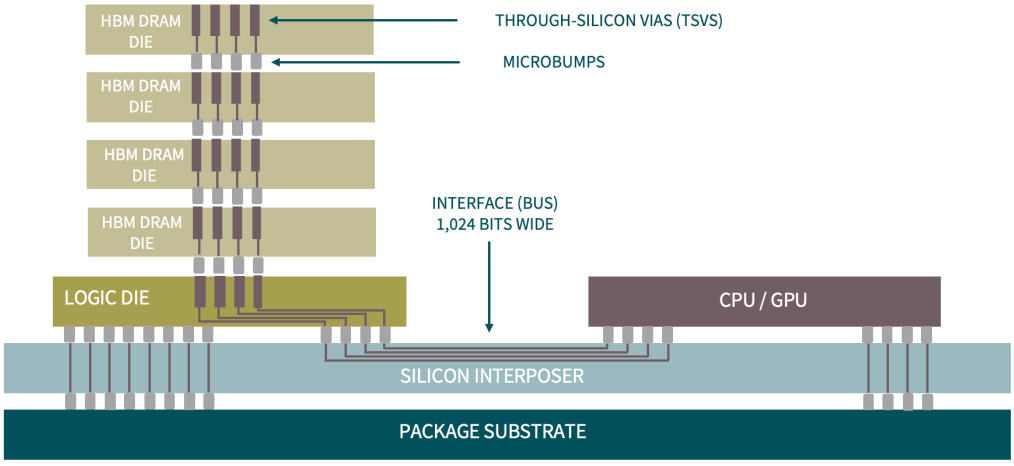


Source: Lam Research filings, Atlas Global Equity Income Fund

Artificial intelligence (AI) workloads require vast amounts of data to train and execute algorithms without processor delays. To eliminate this bottleneck, accelerators rely on high-bandwidth memory (HBM). By vertically stacking dynamic random-access memory (DRAM) dies directly beside a graphics processing unit (GPU), HBM dramatically reduces latency and delivers massive data throughput.

HBM manufacturing – which is currently controlled by an oligopoly of SK Hynix, Samsung and Micron – has some key technical challenges. The image below shows the stacked die formation of HBM, with electrical connectivity using through-silicon vias (TSVs) – tiny holes etched through the silicon and filled with copper to make the electrical connection.

High-Bandwidth Memory (HBM) – DRAM



HIGH-BANDWIDTH MEMORY (HBM) STACKS DRAM DIES VERTICALLY AND PACKAGES THE MEMORY WITHIN THE SAME CHIP PACKAGE AS THE PROCESSOR (CPU/GPU)

Source: Atlas Global Equity Income Fund

Etching these precise, uniform holes through silicon dies at a microscopic scale requires specialised equipment capable of overcoming severe physical constraints. As HBM stacks grow taller, manufacturers must etch increasingly narrow channels with extremely high aspect ratios.

To meet this challenge, Lam developed the Syndion® product platform – the company's deep reactive-ion etching (DRIE) tool. Syndion® is engineered to control plasma uniformity at the wafer level, carving perfectly straight, vertical channels with atomic-scale precision. By ensuring these microscopic holes are uniform from top to bottom, Lam's technology provides the foundational, defect-free electrical pathways needed to reliably connect the stacked DRAM dies in modern HBM architectures.

Following the etching process, Lam's Striker® atomic layer deposition (ALD) platform deposits uniform dielectric liners into the narrow TSVs, shielding the channels against electrical leakage. Next, the Sabre® 3D electrochemical deposition system fills these insulated pathways with copper, ensuring void-free filling and perfectly aligned microbumps for dense die stacking.

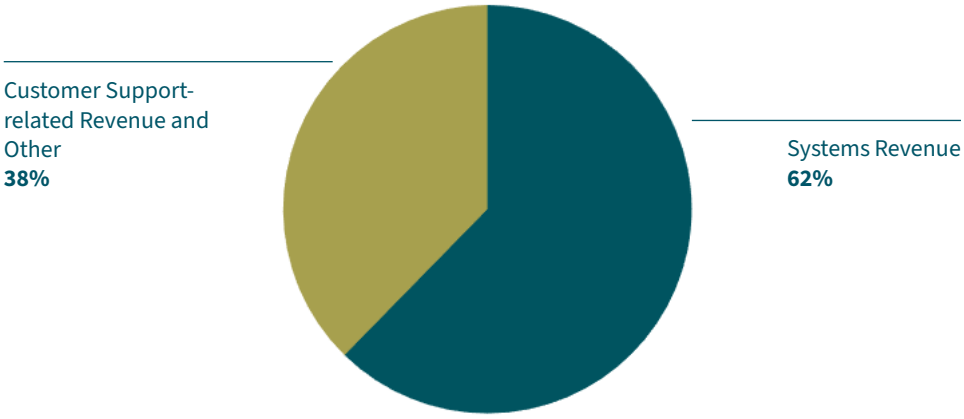
Ultimately, Lam's Syndion, Striker and Sabre 3D platforms deliver the critical etching, insulation and metallisation technologies required to build the high-density, defect-free TSV connections that power modern HBM architectures.

These machines are why Lam has such significant exposure to the memory industry.

Installed base

Lam Research's global installed base, which scaled to nearly 100,000 active process chambers in FY25, serves as a massive foundation for predictable recurring income. Of Lam's record $18.4 billion FY25 revenue, the Customer Support Business Group generated $7 billion from aftermarket supplies, upgrades and services, complementing the $11.4 billion brought in by primary chipmaking equipment sales.

Lam Research FY25 revenue – revenue by type (%)



Source: Lam Research filings, Atlas Global Equity Income Fund

Conclusion

Lam Research's decades of specialised expertise in etch, deposition and clean equipment position it well for the growth of the semiconductor industry. Through the 2011 acquisition of Novellus, the company became a full-suite supplier of front-end wafer-processing tools. This makes Lam a critical "picks and shovels" provider for the AI boom, particularly via its support for HBM manufacturing. The Syndion platform's deep reactive-ion etching creates uniform high-aspect-ratio TSVs, complemented by Striker atomic layer deposition for dielectric liners and Sabre 3D electrochemical deposition for void-free copper filling.

Lam's near-100,000 installed process chambers provide a strong base for recurring revenue, with the Customer Support Business Group delivering $7 billion of the company's $18.4 billion FY25 revenue.

In our view, with decades of pioneering history in semiconductor manufacturing and a strong reputation built on delivering high-quality equipment, Lam Research stands as a trusted market leader that is ready for the industry's next era of growth.

Disclaimer:
As at the end of June 2026, Atlas Global Equity Income holds a long position in Lam Research.
This article is not to be taken as investment advice.

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