SHERLUND PARTNERS

AI & Software Market Review
July 2026

Executive Summary

- **July marked a sharp reversal inside the AI trade. Rotation.** The first-half winners as a group fell and the first-half losers rallied: applications gained 14% while silicon and datacenter enablers each fell more than 13%. The reversal ranked in near-exact inverse of first-half performance and no segment's growth expectations moved meaningfully during the month. Investors are demanding more validation of ROI on large AI capital expenditures.

- **Leverage exacerbated the move.** Best exemplified by Situational Awareness, a roughly $45bn fund running reported leverage up to 400%. It was caught offsides, long AI infrastructure including SK Hynix and short software including Adobe; both legs moved against it simultaneously, and Citadel bought the bulk of its public book before the July 30 open.

- **The defining development of H1 was the harness layer making agents broadly available and accessible. In July, frontier-quality intelligence was released in open-weights, lowering the cost of near cutting-edge capabilities.** Kimi K3, the largest open-weight model released to date, launched mid-July with vendor-reported benchmarks approaching the closed frontier, compressing the visible gap between open and closed models to a matter of months. The two major developments are positive fundamental catalysts for the bottom of the stack (infrastructure suppliers) by increasing inference demand. Agents multiply tokens per task by running long-horizon work rather than answering single queries, and open weights lower the price of near-frontier capability, expanding the set of addressable workloads (see Jevons Paradox). Open weights could cut both ways up the stack. A commoditized frontier intelligence layer raises questions about the LLM vendor's pricing and business models, and therefore also questions about the ability to satisfy purchase commitments on new data center capacity buildouts/capital expenditures. Lower token prices reduces the costs of agentics and benefits the applications layer.

- The demand inflection for AI has pushed hyperscaler capital expenditures to a projected $770bn in 2026, up 85% year over year and to 38% of revenue (and over $1.0 trillion estimated for 2027), and GPU rental pricing up roughly 50% YTD, with on-demand capacity largely unavailable since February. If we include capital spending on AI more broadly from neocloud vendors and others the figure is expected to be a bit in excess of $1.0T, or about 2% of US GDP. Compute scarcity is driving up inference costs and token economics is becoming a bigger issue. This is demonstrated by Anthropic's push toward metered APIs and usage-based pricing, which has driven its meteoric revenue growth over the past 12-18 months.

- Private market activity remains robust as AI-native players build to scale at high speed. Capital has concentrated at the top, with late-stage and mega-rounds taking 84% of 2026 dollars, led by OpenAI's $110bn and Anthropic's $65bn raises, while the base remains broad by count. The result is a bifurcated venture market: Series A step-ups sit at record highs while Series C cools and the graduation funnel narrows, raising the question of whether the broad early-stage cohort will secure the later-stage capital it will need.

- The exit environment is recovering off its trough, with exit volume reaching $213bn in 2025 versus under $60bn a year in 2023-24. Breadth, however, remains narrow. Strategic M&A accounts for roughly three-quarters of exits by count, while public listings (one in eight exits) generally deliver more than half of exit dollars (both excluding SpaceX/xAI. Should the window reopen in earnest, a deep pipeline of large, high-quality names is waiting.

- Our adjusted rule of 40 regression shows that revenue growth overall is 1.25x as important as FCF margins in determining valuations, which is a significant pivot to profitability from historic levels and particularly in contrast to the growth at all costs valuations of the prior cycle. Overall, it appears the market is looking for validation of the returns from all the investments in AI and we are seeing a rotation with the out of favor SaaS sector at 3.9x 2026 revenues and 16.8x FCF a recent beneficiary.

Source: FactSet, Pitchbook

Market Monitor

RATES

2-Year Treasury	
Current:	**4.27%**
1 Mo Δ	*12 bps*
YTD Δ	*79 bps*

10-Year Treasury	
Current:	**4.71%**
1 Mo Δ	*27 bps*
YTD Δ	*54 bps*

Fed Funds (Target)	
Current:	**3.75%**
1 Mo Δ	*0 bps*
YTD Δ	*0 bps*

COMMODITIES & ALTERNATIVES

Gold	
1 Mo Δ	0%
YTD Δ	-8%

Copper	
1 Mo Δ	3%
YTD Δ	14%

WTI Crude	
1 Mo Δ	18%
YTD Δ	46%

Bitcoin	
1 Mo Δ	7%
YTD Δ	-28%

SOFTWARE

Applications	
1 Mo Δ	14%
YTD Δ	-28%

Vertical Software	
1 Mo Δ	17%
YTD Δ	-15%

Horizontal Software	
1 Mo Δ	16%
YTD Δ	-30%

Cybersecurity	
1 Mo Δ	6%
YTD Δ	43%

AI INFRASTRUCTURE

Silicon & Semis	
1 Mo Δ	-14%
YTD Δ	37%

Datacenter Enablers	
1 Mo Δ	-13%
YTD Δ	57%

Hyperscalers	
1 Mo Δ	10%
YTD Δ	1%

Data & Dev Infra	
1 Mo Δ	8%
YTD Δ	30%

Source: FactSet, as of July 31, 2026.
Past performance is not indicative or a guarantee of future results.

Public Equity Returns

Public Equities Performance

Software outperformed in July after lagging the market sharply in the YTD period.

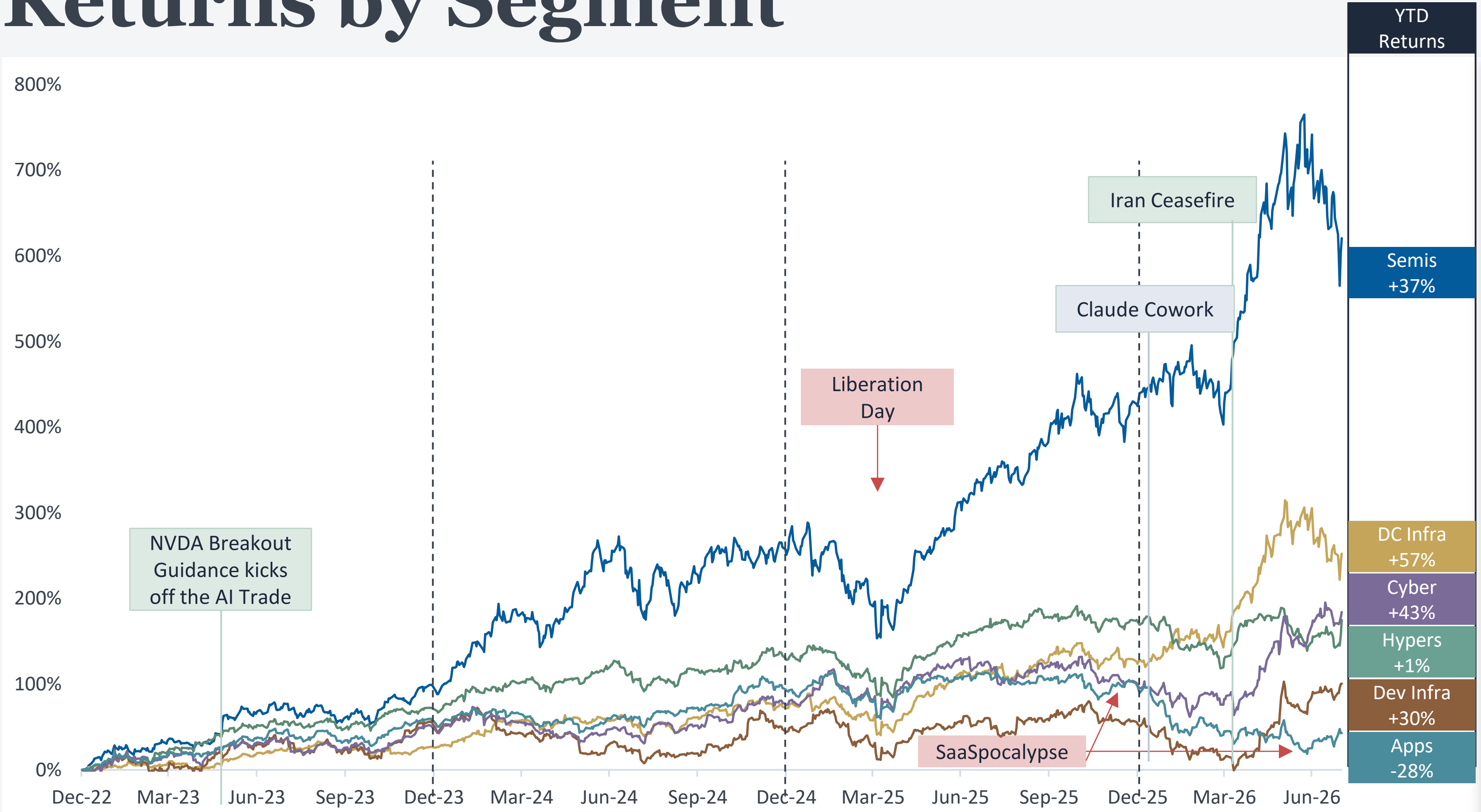
IGV fell 24% in the first quarter, continuing the SaaSpocalypse-driven sell-off of late 2025, before recovering some ground in Q2 2026 on the earnings rebound and the April ceasefire. The bounce has cut the drawdown to 10% on the year, against a broad market that had pushed to new highs and is up nearly 10% on the year.

The AI trade broadly has reversed, with investors now looking for validation that the capital investments will generate profitable returns, with a recent rotation out of semis and some renewed interest in the beaten down SaaS sector. Investors have apprehensions that the open weight models threaten to undermine the economics of the LLM vendors and the broader AI complex. The controversy is not easily resolved however, as growth from the hyperscalers reporting last week showed strong acceleration.

	2020	2021	2022	2023	2024	2025	Q1 2026	Q2 2026	Q3TD 2026	2026 YTD
IGV	53%	12%	(36%)	59%	23%	6%	(24%)	13%	4%	(10%)
S&P 500	16%	27%	(19%)	24%	23%	16%	(5%)	15%	(0%)	9%
NASDAQ	44%	21%	(33%)	43%	29%	20%	(7%)	21%	(3%)	9%

Source: FactSet, as of July 31, 2026
Notes: Prices rebased as of December 31, 2019. IGV = S&P North American Expanded Technology Software Index, a broad-based software index.

Returns by Segment



The AI trade is not a monolith. Since the 2022 release of ChatGPT, value has accrued most heavily to the bottom of the stack, the picks-and-shovels enabling infrastructure positioned to benefit regardless of which competitors win up the stack.

From 2022 to late 2025, the different segments have largely moved together, rising at different magnitudes but tracking directionally. In 2026 they have decoupled as investors began separating the winners from the losers of the paradigm shift. There is an 85 point return dispersion in the YTD period between datacenter infra enablers (up 57% YTD) and Applications (down 28% YTD).

The lower layers in the stack have been buoyed by high demand and a shorter path to monetization; uplift to financial expectations arrives at the lower layers first, and the rallies there rest on rising estimates. Conversely, up the stack, where applications are seen as exposed to disruption, multiple compression has driven stocks lower as the market prices in future disruption but with some rotation back into SaaS more recently.

	Since 2022	2023	2024	2025	Q1 2026	Q2 2026	Q3TD 2026	2026 YTD
Silicon & Compute Hardware	621%	99%	77%	49%	1%	59%	**(14%)**	**37%**
AI Infra & Datacenter Enablers	252%	27%	36%	30%	12%	61%	**(13%)**	**57%**
Hyperscalers	175%	72%	33%	19%	(16%)	9%	**10%**	**1%**
Data & Dev Infra Software	101%	54%	(7%)	7%	(26%)	64%	**8%**	**30%**
Cybersecurity	184%	50%	17%	13%	(8%)	47%	**6%**	**43%**
Applications	43%	58%	21%	3%	(27%)	(14%)	**14%**	**(28%)**

Source: FactSet, as of July 31, 2026
Notes: Prices rebased as of December 31, 2022. See appendix for index constituents. Indices are weighted by market capitalization.

Application Layer Returns

Application software is not a single trade. Within application software, vertical names have held up better than horizontal ones through the 2026 selloff, down 15% against 30%, a reversal of the prior cycle when horizontal software led.

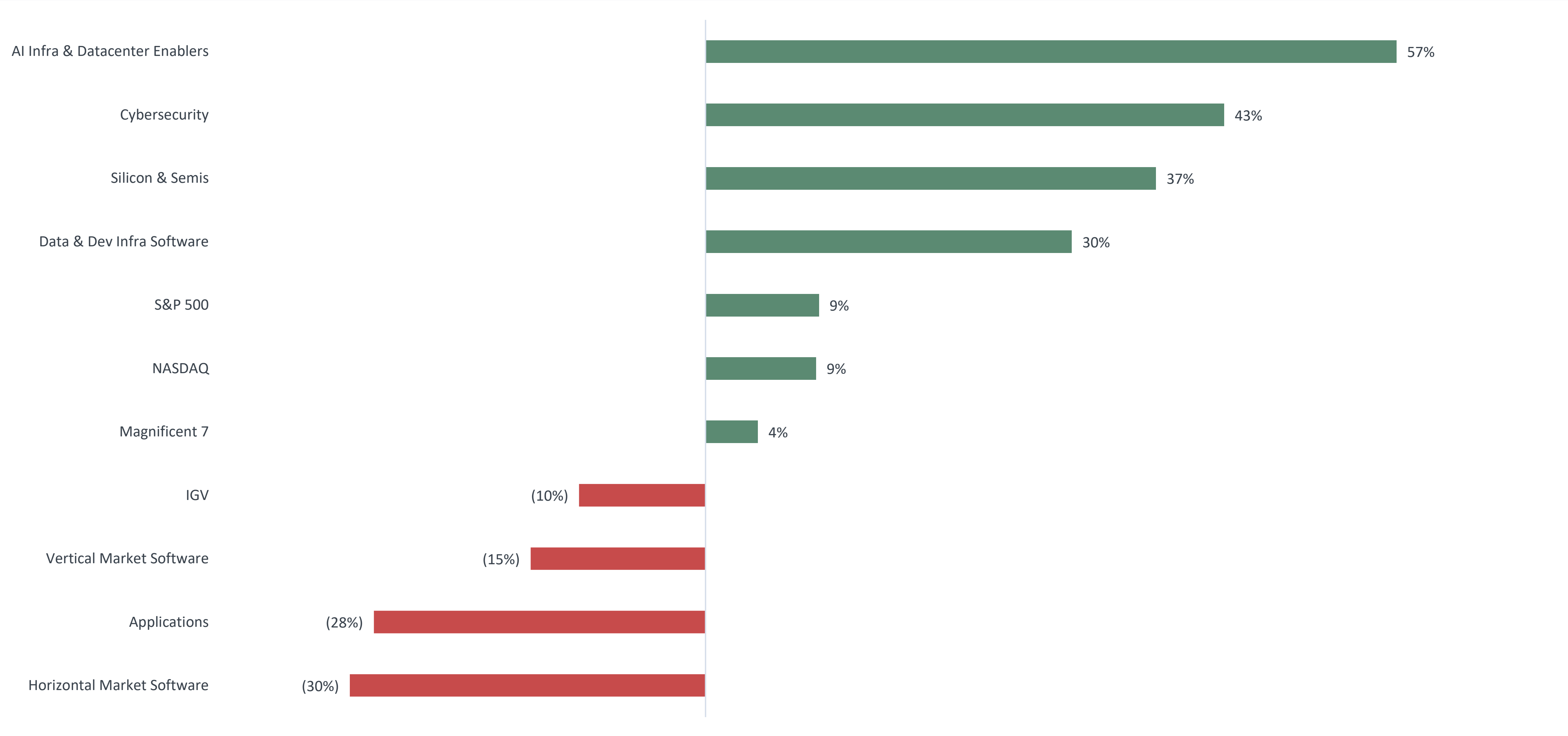
Since 2022, horizontal software has been the stronger performer, up 44% against 26% for vertical software, and horizontal led the recovery decisively in 2023 before the two tracked each other through 2024. The relative resilience of vertical software is a recent development, and it aligns with where AI disruption risk is concentrated. Vertical applications carry domain-specific data, regulatory workflows, and switching costs that are harder for a general-purpose model to replicate.

Key issues in SaaS include the extent of the moat on the workflows and how AI might enhance or detract from the competitive posture.

	Since 2022	2023	2024	2025	Q1 2026	Q2 2026	Q3TD 2026	2026 YTD
Vertical Market Software	26%	36%	25%	(14%)	(22%)	(5%)	**17%**	**(15%)**
Horizontal Market Software	44%	61%	23%	4%	(27%)	(17%)	**16%**	**(30%)**

Source: FactSet, as of July 31, 2026
Notes: Prices rebased as of December 31, 2022. See appendix for index constituents. Indices are weighted by market capitalization.

YTD Momentum (Equity Returns)

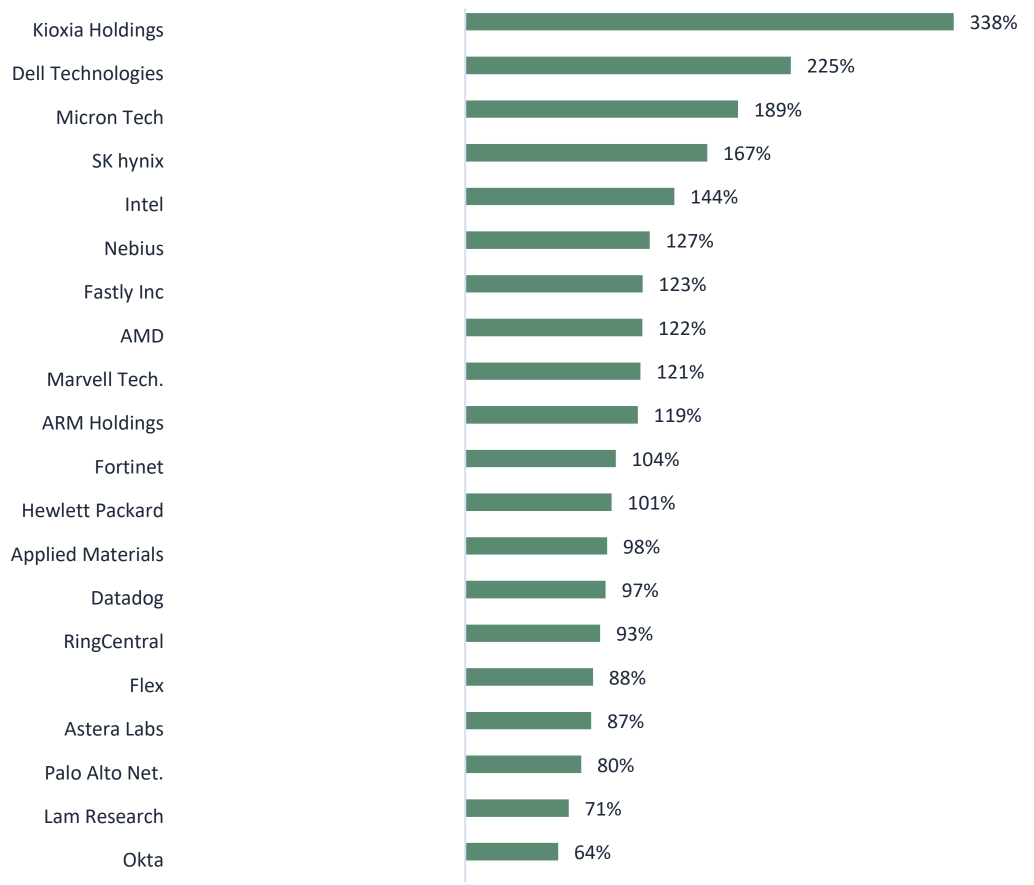


Source: FactSet, as of July 31, 2026.

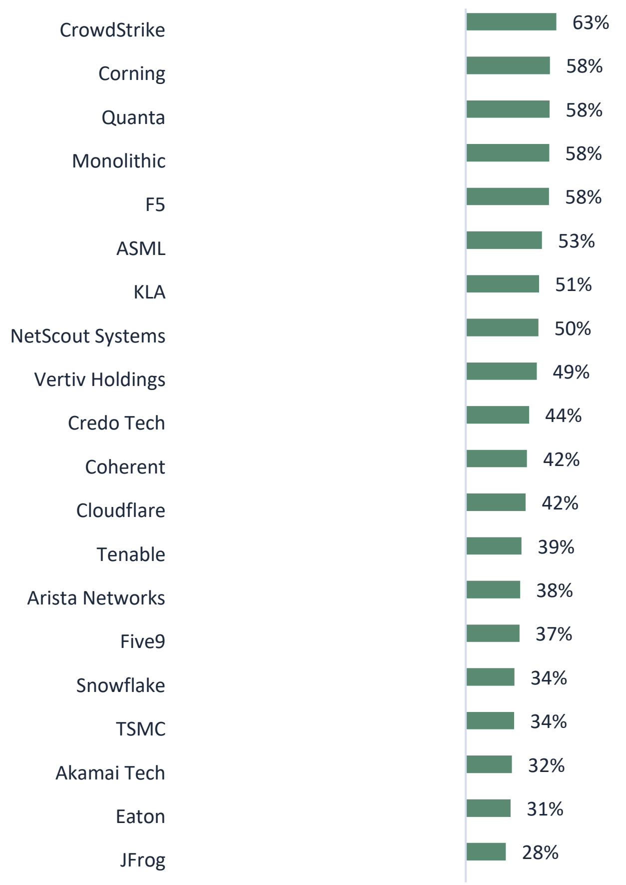
Note: See appendix for index constituents.

YTD Equity Returns

2026 YTD Equity Returns



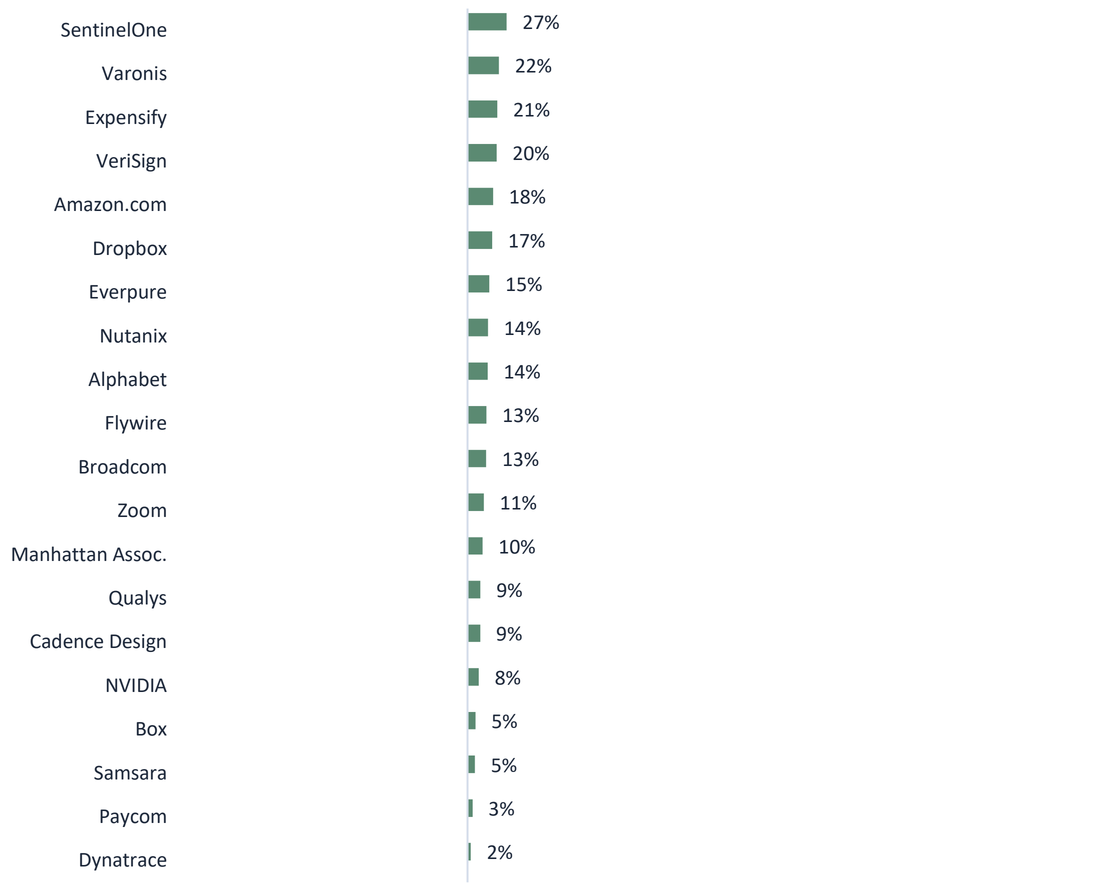
2026 YTD Equity Returns



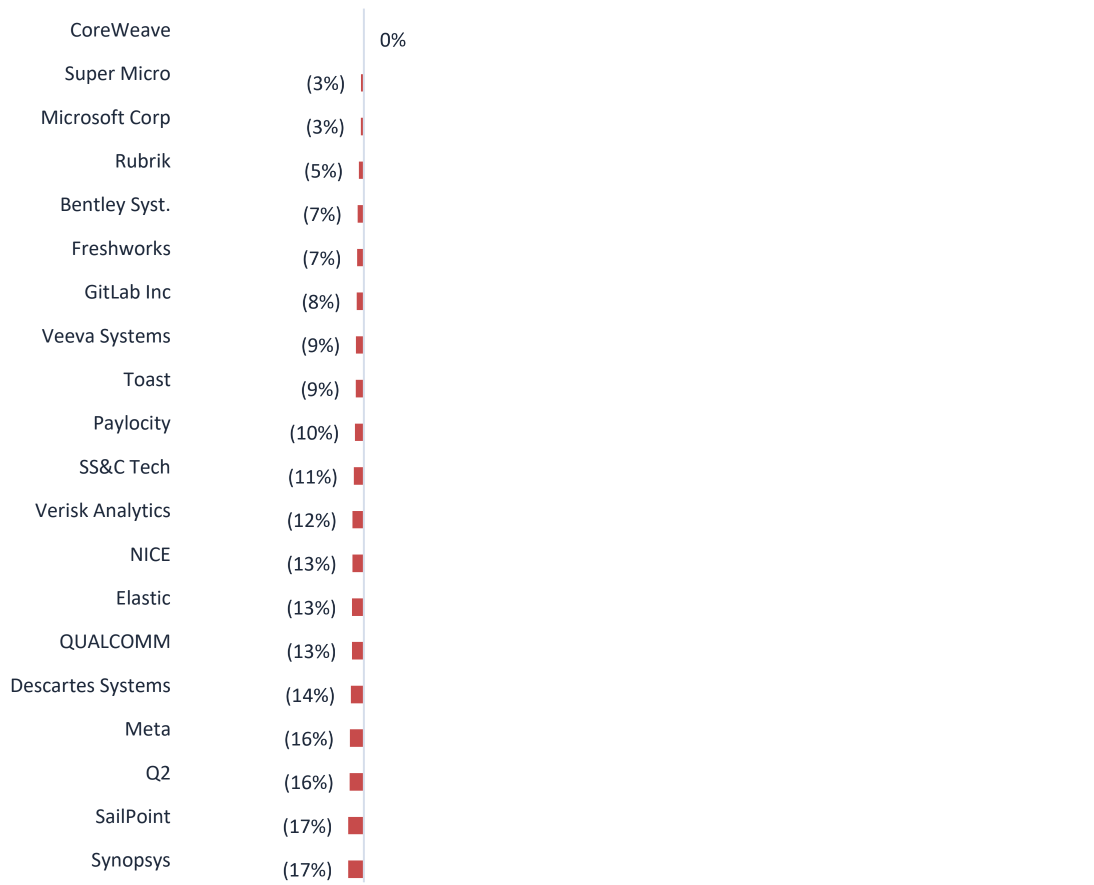
Source: FactSet, as of July 31, 2026.
Past performance is not indicative or a guarantee of future results.

YTD Equity Returns

2026 YTD Equity Returns



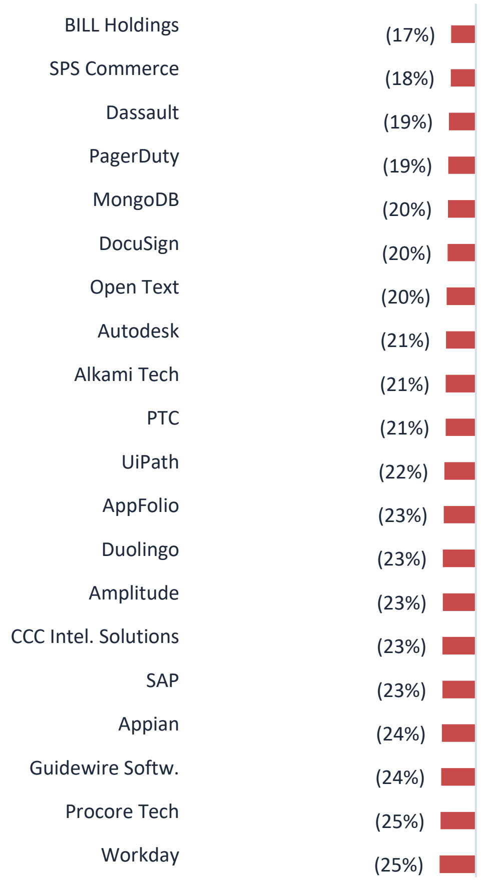
2026 YTD Equity Returns



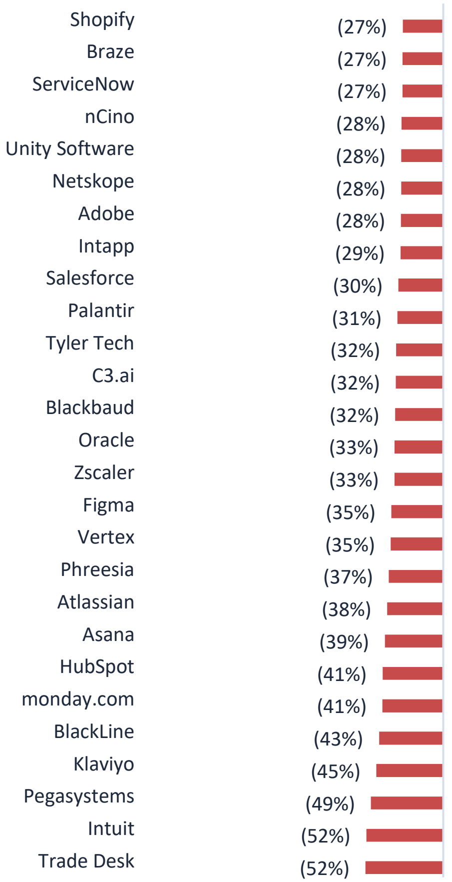
Source: FactSet, as of July 31, 2026.
Past performance is not indicative or a guarantee of future results.

YTD Equity Returns

2026 YTD Equity Returns



2026 YTD Equity Returns



Source: FactSet, as of July 31, 2026.
Past performance is not indicative or a guarantee of future results.

Public Trading Multiples

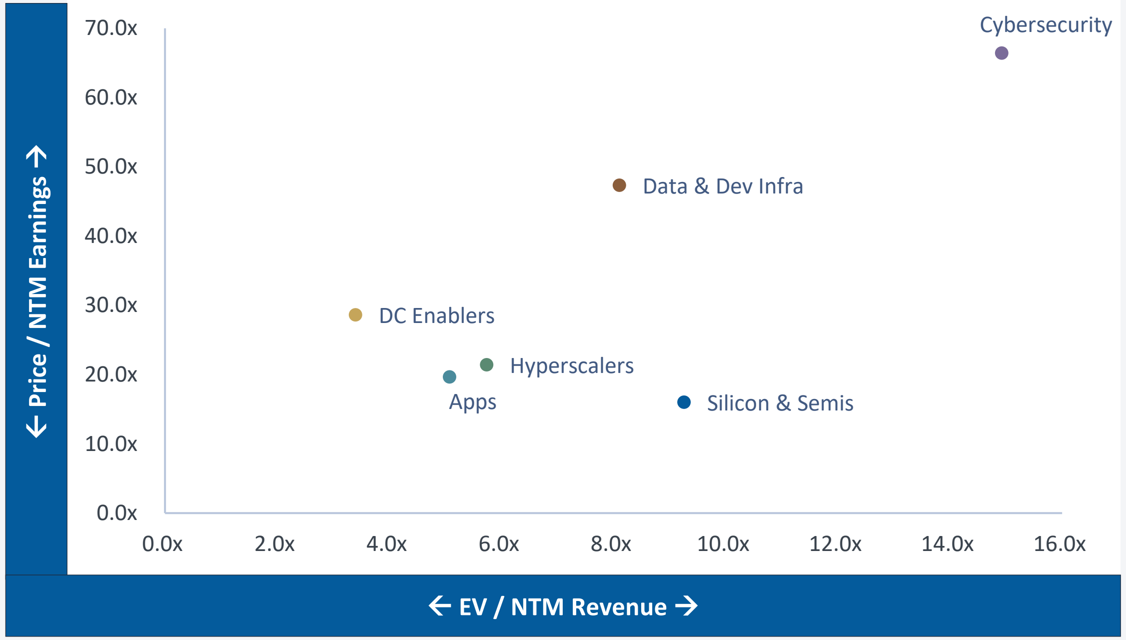
Trading Multiples

Applications re-rated to 19.7x forward earnings, up 13% from 17.3x last month, while silicon de-rated to 16.0x, down 23%. The bottom and top of the stack are now the two cheapest layers, respectively. Neither segment's growth expectations moved materially.

Since the beginning of the SaaSpocalypse in mid-October of last year Applications have been out of favor, with earnings multiples declining 46% from 32.2x to 17.3x through the end of June. Kimi K3, the largest open-weight release to date, contributed to a 13% reversal in the earnings multiple trend (which started in late June), suggesting investors may be rethinking the exposure of the application layer to AI-related replacement: commoditized frontier intelligence is an input the application layer can buy rather than a competitor that replaces it. The Application layer now trades 35% below its 3-year average P/E.

Silicon's earnings multiple collapsed during the month, down a remarkable 23% this month and now trading nearly 40% below its 3-year average P/E. Silicon is now the cheapest layer in the stack on earnings and trading at its lowest levels since 2022, despite strong secular tailwinds and outsized equity returns on the back of ever-increasing growth expectations. The move lacks an obvious positioning catalyst. We believe Jevons paradox benefits Silicon: a lower marginal cost of intelligence expands the addressable market for intelligence. Jensen has been publicly supportive of the open-model ecosystem, using his first ever Tweet on July 24th to endorse it. Whereas Apps appear to have moved favorably on positioning, Silicon appears to have moved unfavorably on momentum. The market rotation is occurring on the AI trade and more broadly in the market in favor of financials and healthcare.

DC Enablers also had a notable 14% multiple decline during the month, a reversal in the 45% P/E expansion the segment had seen in H1 2026. While demand tailwinds remain strong, increased public opposition, a general momentum reversal, and/or consolidation after a considerable run-up in equity returns may have contributed in this rotation.

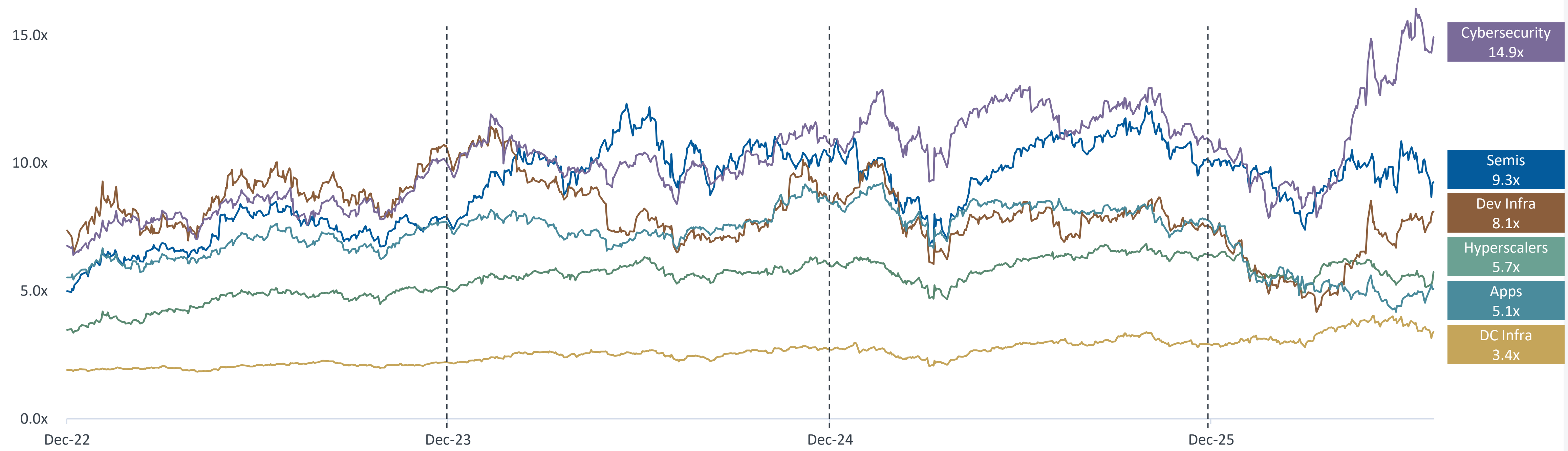


	Revenue Multiple				P/E Multiple			
	3-Yr Avg	1-Yr Avg	3-Mo Avg	Current	3-Yr Avg	1-Yr Avg	3-Mo Avg	Current
Silicon & Semis	9.6x	10.1x	9.8x	**9.3x**	26.2x	23.9x	19.8x	**16.0x**
DC Enablers	2.7x	3.2x	3.7x	**3.4x**	21.3x	26.6x	31.5x	**28.6x**
Hyperscalers	5.7x	6.1x	5.8x	**5.7x**	27.1x	25.6x	22.5x	**21.4x**
Data & Dev Infra	8.0x	6.9x	7.1x	**8.1x**	52.2x	42.5x	41.8x	**47.3x**
Cybersecurity	10.6x	11.4x	13.4x	**14.9x**	50.2x	52.3x	60.9x	**66.4x**
Applications	7.3x	6.7x	4.9x	**5.1x**	30.2x	25.9x	19.2x	**19.7x**

Source: FactSet, as of July 31, 2026

NTM Revenue Multiples

Infrastructure re-rated with its fundamentals: silicon's multiple rose 85% as forward revenue growth went from negative to 57%. On the other hand, Cybersecurity's multiple more than doubled while its forward growth fell from 21% to 17%, and Applications trade below December 2022 on growth that has not moved in three and a half years. Neither the AI uplift nor the AI disruption has reached either segment's estimates, though the multiples have changed on positioning.

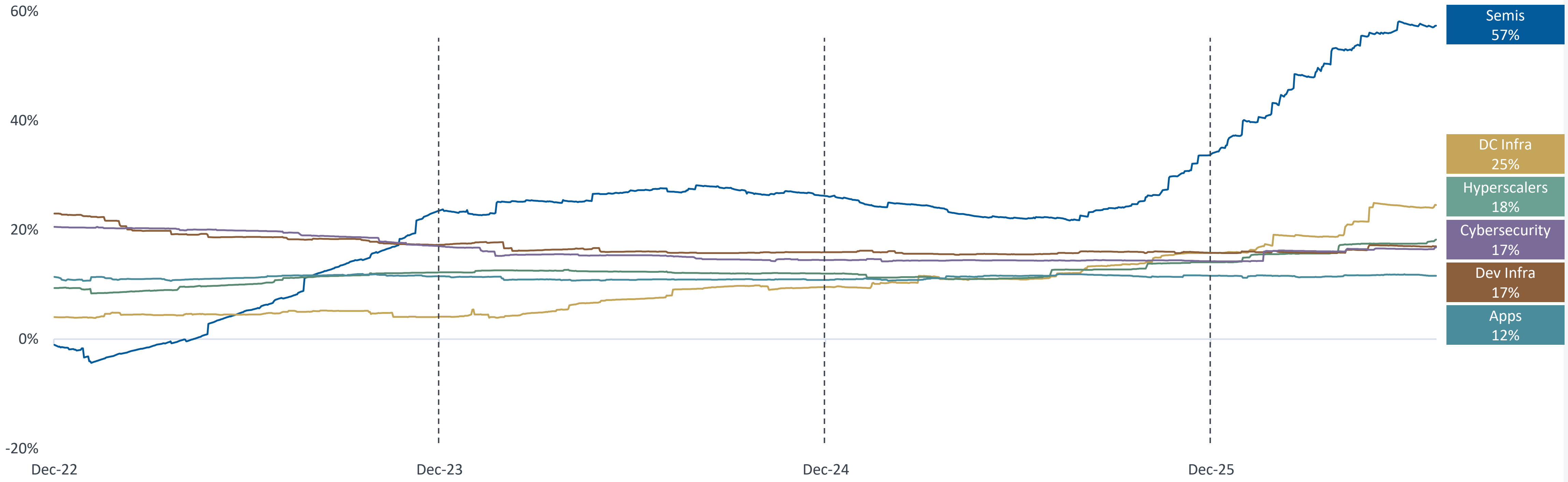


	Averages			
	3-Year	1-Year	3-Month	Current
Silicon & Semis	9.6x	10.1x	9.8x	**9.3x**
AI Infra & Datacenter Enablers	2.7x	3.2x	3.7x	**3.4x**
Hyperscalers	5.7x	6.1x	5.8x	**5.7x**
Data & Dev Infra Software	8.0x	6.9x	7.1x	**8.1x**
Cybersecurity	10.6x	11.4x	13.4x	**14.9x**
Applications	7.3x	6.7x	4.9x	**5.1x**

Source: FactSet, as of July 31, 2026

NTM Revenue Growth

Rising estimates reflect expectations for better AI monetization: with growing agentic access, compute revenue growth has inflected upward again, with semis at 57% against a 28% 3-year average, followed to a lesser degree by Datacenter Enablers (25% vs. an 11% 3-year average) and the hyperscalers (18% vs. a 13% 3-year average). Silicon and DC enablers, but not the Hyperscalers, have seen roughly commensurate higher earnings growth expectations. Forward growth in dev infra, cybersecurity, and applications sits within a few points of 3-year averages: the AI uplift bulls expect is not reflected in software estimates yet, and neither is the disruption bears fear. Growth here is up from the post covid lull.

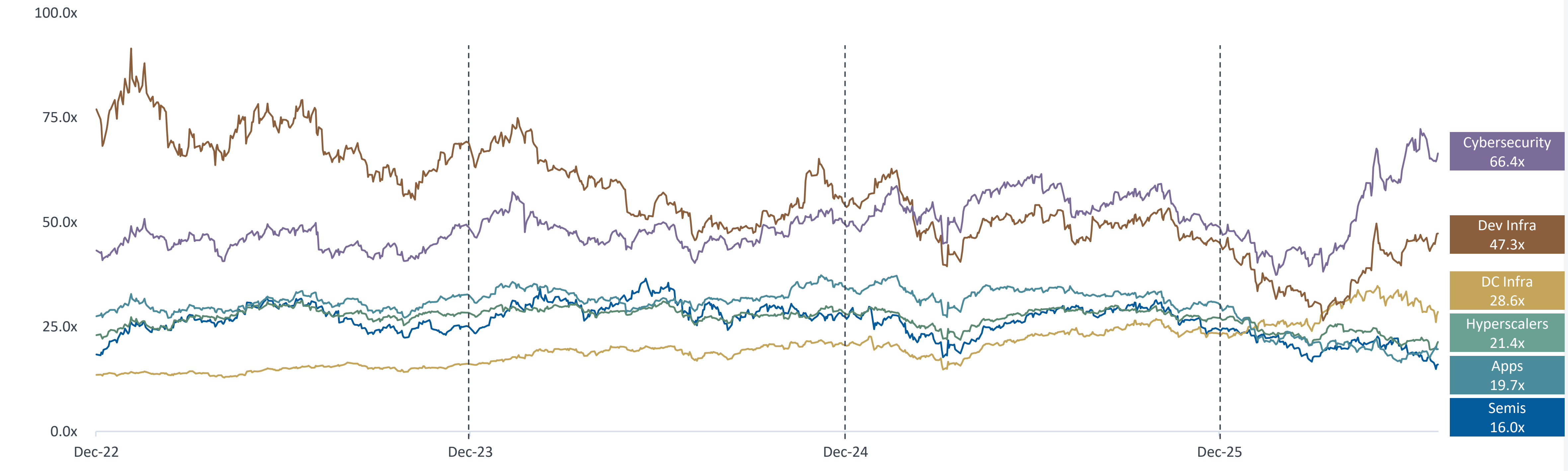


	Averages			
	3-Year	1-Year	3-Month	Current
Silicon & Semis	28.4%	39.2%	55.9%	**57.4%**
AI Infra & Datacenter Enablers	10.9%	17.5%	23.3%	**24.5%**
Hyperscalers	12.9%	14.9%	17.5%	**18.2%**
Data & Dev Infra Software	16.3%	16.1%	16.8%	**17.0%**
Cybersecurity	15.5%	15.2%	16.5%	**16.8%**
Applications	11.3%	11.6%	11.7%	**11.6%**

Source: FactSet, as of July 31, 2026.

NTM Earnings Multiples

Silicon trades at 16.0x forward earnings against 81% expected earnings growth, a PEG of 0.2x against a range of 1.2x to 4.4x everywhere else in the stack, and 39% below its own three-year average. The market is applying the stack's cheapest multiple to its fastest earnings growth. Cybersecurity and Data & Dev Infra have seen the largest multiple recoveries off their 2026 lows.

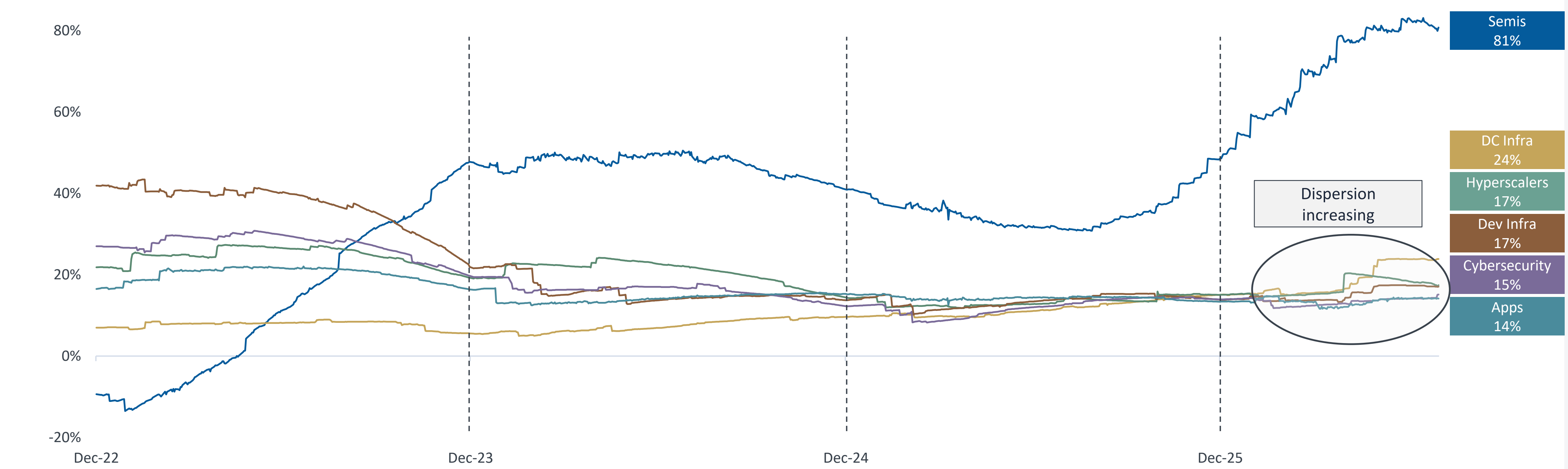


	Averages			
	3-Year	1-Year	3-Month	Current
Silicon & Semis	26.2x	23.9x	19.8x	**16.0x**
AI Infra & Datacenter Enablers	21.3x	26.6x	31.5x	**28.6x**
Hyperscalers	27.1x	25.6x	22.5x	**21.4x**
Data & Dev Infra Software	52.2x	42.5x	41.8x	**47.3x**
Cybersecurity	50.2x	52.3x	60.9x	**66.4x**
Applications	30.2x	25.9x	19.2x	**19.7x**

Source: FactSet, as of July 31, 2026.

NTM Earnings Growth

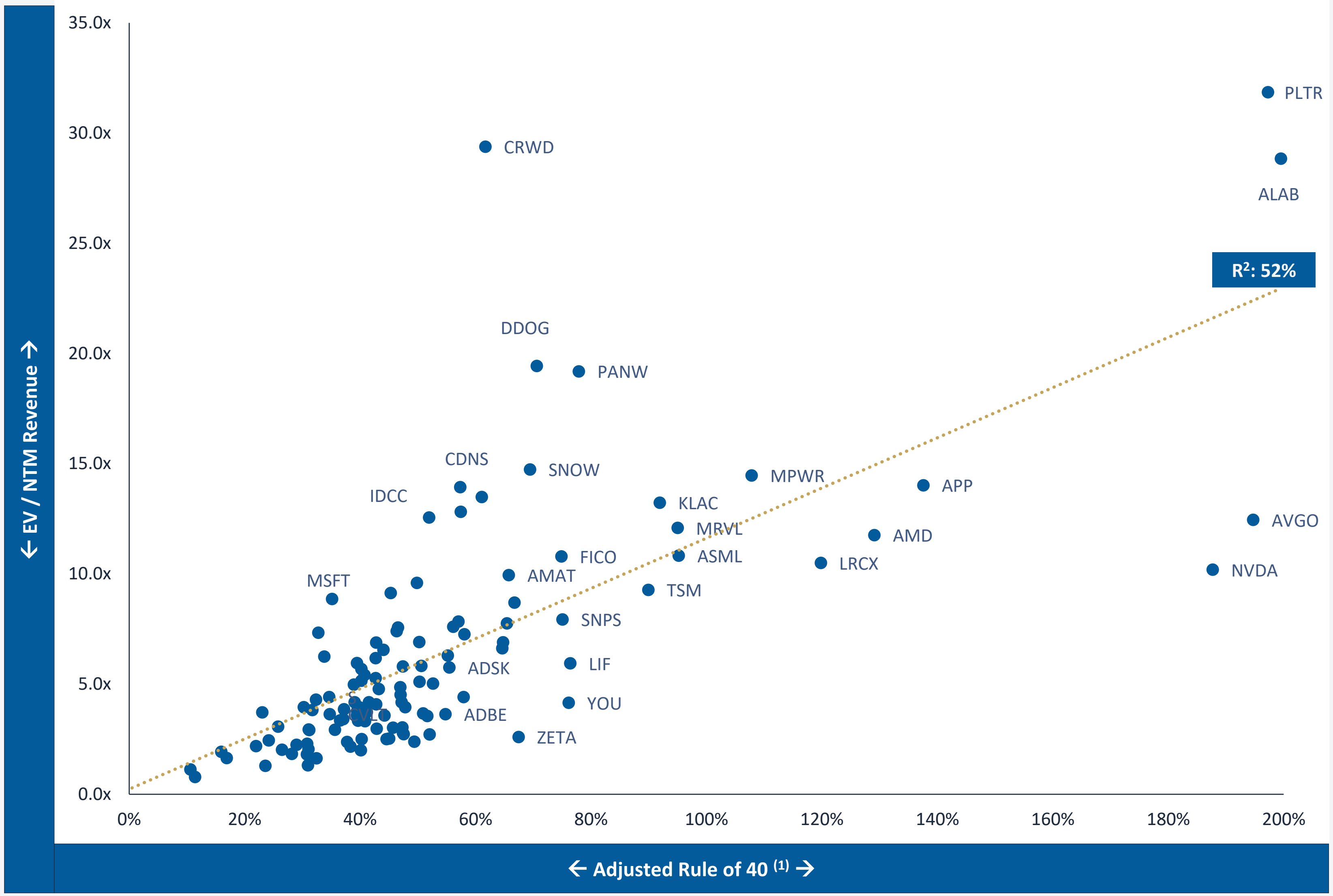
Semiconductor forward earnings growth has accelerated from more than a 10% projected decline in early 2023 to 81% projected growth, with the most recent catalyst being the agent demand inflection. DC Enablers from 5-10% to 24% projected earnings growth on similar drivers. Projected EPS growth across segments (ex Silicon) converged into a tight band through 2024 and 2025 and is now dispersing. Investors increasingly expect to begin seeing AI monetization flowing through to financial performance.



	Averages			
	3-Year	1-Year	3-Month	Current
Silicon & Semis	45.9%	56.3%	80.3%	**80.8%**
AI Infra & Datacenter Enablers	11.0%	16.3%	22.0%	**23.8%**
Hyperscalers	17.9%	15.8%	19.0%	**17.4%**
Data & Dev Infra Software	17.3%	14.9%	16.7%	**17.1%**
Cybersecurity	15.6%	13.6%	13.9%	**15.1%**
Applications	14.9%	13.8%	13.7%	**14.2%**

Source: FactSet, as of July 31, 2026.

Adjusted Rule of 40



A growth-weighted Rule of 40 explains 52% of the variation in revenue multiples across 118 names.

In our multi-factor analysis, we see that revenue growth is currently 1.25x as important as the FCF margin in explaining the best fit, a weighting reflected in the adjusted Rule of 40 analysis.

Revenue multiples plotted against an Adj. R40 (revenue growth plus free-cash-flow margin, growth weighted 1.25x) produces a strong positive fit. Growth remains the more important driver of valuation, but the balance with profitability has increased considerably since the growth-at-all-costs regime of last cycle's 2021 peak.

The growth weight that best explains revenue multiples fell from 2.0x to 1.25x, and cybersecurity trades at 43x 2027 earnings against 17x for applications on a Rule of 40 score under three points higher: the market is paying for durability of the score, not just the score itself.

Source: FactSet as of July 31, 2026.

(1) Rule of 40 ("R40") metric defined as Revenue Growth + Free Cash Flow margin. Adj. R40 = Adj. Factor x Revenue Growth + FCF Margin.

Universe: ACIW, ADBE, ADSK, AGYS, ALAB, ALKT, ALRM, AMAT, AMD, APP, APPF, APPN, ASAN, ASML, ATEN, AVGO, AVPT, BB, BILL, BL, BLKB, BOX, BRZE, BSY, CCC, CDNS, CRM, CRWD, CVLT, CXM, DBX, DDOG, DLB, DOCU, DSG, DT, DUOL, EA, ESTC, FICO, FIVN, FROG, FRSH, FTNT, GEN, GTLB, GWRE, HUBS, IDCC, INTA, INTC, INTU, IOT, KLAC, KVYO, LIF, LRCX, LSPD, MANH, MDB, MNDY, MPWR, MRVL, MSFT, NABL, NCNO, NOW, NTNX, NVDA, OKTA, OTEX, PANW, PAR, PATH, PAYC, PCOR, PCTY, PD, PEGA, PLTR, PRGS, PTC, QCOM, QLYS, QTWO, RAMP, RBRK, RNG, ROP, RPD, S, SAIL, SAP, SHOP, SNAP, SNOW, SNPS, SPSC, TDC, TEAM, TENB, TOST, TRMB, TSM, TTAN, TTWO, TWLO, TYL, VEEV, VERX, VRNS, VYX, WDAY, WK, YOU, ZETA, ZM, ZS

Public Trading Multiples: Semis & Silicon

Semis & Silicon				Operating Metrics								Valuation Metrics							
	% of	Market	Enterprise	Revenue Growth		EBITDA Margin		FCF Margin		R40		EV / Revenue		EV / EBITDA		P / FCF		P / E	
Company	52-Week High	Capitalization	Value	2026	2027	2026	2027	2026	2027	2026	2027	2026	2027	2026	2027	2026	2027	2026	2027
NVIDIA	85%	$4,858,150	$4,790,392	81%	43%	67%	69%	50%	51%	131%	94%	12.8x	8.9x	19.0x	12.9x	26.1x	18.4x	23.3x	16.4x
TSMC	84%	$1,945,790	$2,026,313	40%	33%	74%	73%	26%	30%	66%	63%	11.1x	8.3x	15.0x	11.3x	40.1x	31.6x	24.2x	18.7x
Broadcom	79%	$1,852,031	$1,897,310	65%	56%	68%	69%	49%	54%	114%	110%	16.6x	10.6x	24.4x	15.4x	33.5x	19.1x	30.1x	19.0x
Micron Tech	66%	$929,524	$909,849	149%	54%	85%	87%	45%	52%	194%	106%	5.4x	3.5x	6.4x	4.1x	12.2x	6.7x	8.2x	5.2x
SK hynix	62%	$880,259	$857,119	258%	50%	83%	85%	48%	54%	306%	104%	3.4x	2.3x	4.1x	2.7x	6.8x	4.3x	5.1x	3.7x
AMD	81%	$776,410	$767,923	44%	56%	27%	34%	16%	22%	60%	78%	15.6x	10.0x	58.4x	29.3x	100.2x	54.7x	63.7x	34.6x
ASML	81%	$640,490	$621,447	29%	26%	43%	46%	24%	34%	53%	61%	12.5x	9.9x	29.0x	21.6x	59.5x	29.1x	36.4x	26.4x
Intel	63%	$454,969	$491,210	19%	13%	36%	40%	(2%)	(1%)	17%	12%	7.9x	7.0x	22.2x	17.3x	--	--	59.0x	48.8x
Applied Materials	69%	$403,069	$402,096	20%	27%	35%	37%	17%	24%	37%	51%	11.6x	9.1x	33.3x	24.4x	68.5x	39.6x	38.8x	28.6x
Lam Research	67%	$366,442	$365,426	39%	29%	40%	42%	24%	28%	63%	57%	12.7x	9.8x	32.0x	23.2x	51.1x	31.1x	38.8x	28.3x
ARM Holdings	53%	$255,989	$252,586	23%	31%	49%	50%	28%	32%	52%	63%	44.1x	33.8x	89.6x	68.2x	182.7x	140.1x	113.0x	84.8x
KLA	59%	$238,813	$240,002	23%	24%	47%	49%	32%	35%	55%	59%	15.3x	12.3x	32.4x	25.1x	48.2x	35.6x	39.6x	30.3x
Marvell Tech.	57%	$164,259	$165,937	40%	44%	40%	42%	23%	27%	64%	71%	15.1x	10.5x	38.0x	25.1x	66.5x	41.4x	47.7x	31.3x
Kioxia Holdings	42%	$160,042	$160,331	260%	49%	80%	82%	42%	51%	302%	100%	3.3x	2.2x	4.1x	2.7x	7.6x	4.1x	6.1x	3.9x
QUALCOMM	57%	$154,991	$161,957	(1%)	7%	34%	32%	24%	23%	22%	31%	3.8x	3.5x	11.3x	11.2x	16.7x	16.7x	14.1x	13.5x
Cadence Design	82%	$93,639	$94,589	19%	13%	47%	49%	28%	32%	47%	46%	15.0x	13.2x	32.0x	27.2x	53.1x	40.2x	41.9x	35.6x
Synopsys	61%	$74,440	$82,793	31%	11%	43%	43%	21%	24%	53%	36%	8.4x	7.6x	19.6x	17.7x	35.7x	28.6x	25.6x	21.8x
Monolithic	83%	$70,061	$68,714	48%	26%	37%	38%	26%	27%	75%	53%	16.6x	13.2x	45.5x	34.7x	75.2x	50.5x	52.0x	40.9x
Cerebras	51%	$55,090	$56,870	--	219%	(6%)	39%	(166%)	(92%)	NA	127%	53.5x	16.8x	--	43.2x	--	--	--	222.0x
Astera Labs	62%	$53,347	$52,205	81%	41%	39%	42%	29%	36%	110%	77%	35.7x	25.3x	91.9x	60.8x	124.2x	60.4x	103.1x	71.1x
Credo Tech	67%	$38,599	$37,181	100%	55%	52%	54%	34%	41%	134%	96%	18.1x	11.7x	34.8x	21.6x	56.2x	30.2x	39.5x	26.1x
Mean (1)	**67%**			**68%**	**43%**	**48%**	**52%**	**20%**	**28%**	**98%**	**71%**	**16.1x**	**10.9x**	**32.1x**	**23.8x**	**56.0x**	**35.9x**	**40.5x**	**38.6x**
Median	**66%**			**40%**	**33%**	**43%**	**46%**	**26%**	**32%**	**63%**	**63%**	**12.8x**	**9.9x**	**30.5x**	**21.6x**	**51.1x**	**31.1x**	**38.8x**	**28.3x**

Source: FactSet, as of July 31, 2026. USD in millions. Estimates reflect calendarized median consensus for CY2026E and CY2027E. Rule of 40 defined as revenue growth plus free cash flow margin.
(1) Excludes multiples below 0x and above 1,000x

Public Trading Multiples: Datacenter Enablers

Datacenter Enablers				Operating Metrics								Valuation Metrics							
	% of	Market	Enterprise	Revenue Growth		EBITDA Margin		FCF Margin		R40		EV / Revenue		EV / EBITDA		P / FCF		P / E	
Company	52-Week High	Capitalization	Value	2026	2027	2026	2027	2026	2027	2026	2027	2026	2027	2026	2027	2026	2027	2026	2027
Cisco Systems	89%	$457,167	$473,527	10%	8%	38%	38%	23%	28%	34%	36%	7.3x	6.8x	19.2x	17.9x	29.6x	22.9x	25.9x	23.4x
Dell Technologies	86%	$262,794	$282,947	46%	17%	11%	11%	7%	7%	53%	24%	1.7x	1.5x	15.8x	13.0x	26.5x	20.6x	23.2x	18.7x
Arista Networks	95%	$227,097	$214,744	28%	23%	48%	46%	47%	41%	75%	64%	18.8x	15.3x	39.6x	32.9x	41.7x	38.9x	49.7x	40.7x
Eaton	95%	$161,222	$181,898	18%	11%	24%	25%	12%	14%	30%	25%	5.6x	5.1x	24.0x	20.8x	45.0x	32.1x	31.0x	26.4x
Corning	51%	$119,087	$126,522	17%	18%	29%	30%	12%	11%	29%	29%	6.7x	5.7x	23.1x	19.0x	48.0x	38.4x	42.4x	32.0x
Quanta	85%	$100,333	$106,530	38%	12%	10%	10%	6%	6%	44%	18%	2.7x	2.5x	26.7x	24.4x	48.1x	34.9x	40.4x	36.9x
Vertiv Holdings	64%	$93,002	$93,164	37%	29%	25%	26%	18%	18%	55%	46%	6.8x	5.3x	27.3x	19.9x	37.9x	29.9x	36.1x	26.7x
Hewlett Packard	75%	$63,429	$79,382	27%	10%	19%	20%	8%	9%	35%	20%	1.9x	1.7x	9.7x	8.5x	--	--	13.7x	11.8x
Coherent	60%	$51,432	$52,736	30%	36%	26%	29%	0%	8%	30%	44%	6.3x	4.7x	24.7x	16.3x	8159.4x	60.7x	38.3x	25.1x
Nebius	63%	$47,917	$48,116	536%	241%	40%	55%	(567%)	(221%)	(31%)	20%	17.5x	5.1x	43.6x	9.4x	--	--	--	--
Flex	68%	$41,677	$44,767	20%	29%	9%	10%	3%	4%	23%	33%	1.4x	1.1x	15.9x	11.3x	28.1x	22.0x	26.2x	17.3x
CoreWeave	47%	$39,156	$71,260	145%	101%	58%	61%	(198%)	(77%)	(53%)	25%	5.6x	2.8x	9.7x	4.5x	--	--	--	--
Everpure	77%	$25,652	$24,375	22%	15%	23%	23%	18%	19%	40%	35%	5.7x	4.9x	25.3x	21.2x	33.0x	28.3x	31.9x	26.1x
Super Micro	48%	$18,371	$26,217	48%	22%	6%	6%	(5%)	1%	42%	23%	0.6x	0.5x	10.0x	7.8x	--	--	9.8x	8.3x
Mean [(1)]	**73%**			**73%**	**41%**	**26%**	**28%**	**(44%)**	**(9%)**	**29%**	**32%**	**6.3x**	**4.5x**	**22.5x**	**16.2x**	**37.6x**	**32.9x**	**30.7x**	**24.4x**
Median	**75%**			**29%**	**20%**	**24%**	**25%**	**7%**	**9%**	**34%**	**27%**	**5.7x**	**4.8x**	**23.5x**	**17.1x**	**39.8x**	**31.0x**	**31.4x**	**25.6x**

Source: FactSet, as of July 31, 2026. USD in millions. Estimates reflect calendarized median consensus for CY2026E and CY2027E. Rule of 40 defined as revenue growth plus free cash flow margin.
(1) Excludes multiples below 0x and above 1,000x

Public Trading Multiples: Data & Dev Infra, Hyperscalers

Data & Developer Infra				Operating Metrics								Valuation Metrics								
	% of	Market	Enterprise	Revenue Growth		EBITDA Margin		FCF Margin		R40		EV / Revenue		EV / EBITDA		P / FCF		P / E	
Company	52-Week High	Capitalization	Value	2026	2027	2026	2027	2026	2027	2026	2027	2026	2027	2026	2027	2026	2027	2026	2027
Snowflake	96%	$101,651	$101,468	30%	26%	17%	18%	23%	24%	53%	50%	16.9x	13.5x	99.8x	73.1x	78.8x	55.7x	159.0x	111.8x
Datadog	96%	$95,387	$91,913	27%	20%	25%	26%	26%	27%	53%	47%	21.7x	18.1x	88.5x	69.9x	84.5x	69.2x	111.5x	95.1x
MongoDB	76%	$27,144	$24,776	20%	18%	21%	22%	19%	19%	39%	37%	8.7x	7.3x	42.0x	33.8x	54.1x	44.9x	56.5x	47.0x
Atlassian	53%	$25,634	$25,741	18%	15%	29%	29%	25%	29%	44%	44%	3.8x	3.3x	13.0x	11.4x	14.6x	11.7x	17.5x	15.3x
F5	93%	$22,713	$21,530	9%	7%	37%	37%	30%	30%	39%	38%	6.3x	5.9x	16.9x	15.8x	21.6x	19.4x	23.0x	21.8x
Nutanix	72%	$15,952	$15,466	12%	13%	25%	27%	28%	29%	40%	42%	5.5x	4.9x	21.8x	18.4x	20.7x	17.7x	29.0x	25.3x
Dynatrace	83%	$12,863	$11,855	16%	14%	31%	31%	26%	27%	42%	41%	5.5x	4.8x	18.1x	15.5x	22.5x	19.6x	23.5x	20.6x
JFrog	80%	$9,664	$8,939	19%	16%	20%	21%	24%	26%	42%	42%	14.0x	12.1x	69.1x	56.8x	67.9x	54.3x	84.0x	72.2x
Elastic	68%	$6,839	$6,059	15%	14%	19%	20%	21%	22%	36%	37%	3.3x	2.9x	17.7x	14.2x	18.2x	14.9x	21.7x	18.2x
UiPath	64%	$6,611	$5,386	11%	8%	25%	26%	24%	25%	34%	33%	3.1x	2.9x	12.3x	11.0x	16.5x	13.9x	16.3x	14.0x
GitLab Inc	66%	$5,829	$4,517	17%	16%	13%	14%	20%	21%	37%	36%	4.1x	3.6x	30.7x	24.7x	25.3x	20.8x	41.9x	34.4x
NetScout Systems	90%	$2,957	$2,328	5%	4%	28%	28%	27%	26%	31%	30%	2.6x	2.5x	9.6x	9.0x	12.7x	12.7x	15.2x	14.5x
PagerDuty	61%	$816	$797	0%	2%	28%	30%	19%	22%	19%	24%	1.7x	1.6x	5.9x	5.5x	7.7x	6.5x	8.2x	7.6x
Mean (1)	**77%**			**15%**	**13%**	**25%**	**25%**	**24%**	**25%**	**39%**	**39%**	**7.5x**	**6.4x**	**34.3x**	**27.6x**	**34.2x**	**27.8x**	**46.7x**	**38.3x**
Median	**76%**			**16%**	**14%**	**25%**	**26%**	**24%**	**26%**	**39%**	**38%**	**5.5x**	**4.8x**	**18.1x**	**15.8x**	**21.6x**	**19.4x**	**23.5x**	**21.8x**

Hyperscalers				Operating Metrics								Valuation Metrics								
	% of	Market	Enterprise	Revenue Growth		EBITDA Margin		FCF Margin		R40		EV / Revenue		EV / EBITDA		P / FCF		P / E	
Company	52-Week High	Capitalization	Value	2026	2027	2026	2027	2026	2027	2026	2027	2026	2027	2026	2027	2026	2027	2026	2027
Alphabet	87%	$4,358,344	$4,248,368	23%	22%	47%	49%	(0%)	(6%)	23%	16%	8.6x	7.1x	18.3x	14.5x	--	--	17.3x	23.9x
Microsoft Corp	84%	$3,450,799	$3,502,772	18%	18%	61%	63%	13%	9%	31%	27%	9.7x	8.2x	16.0x	13.0x	64.2x	79.5x	25.2x	21.8x
Amazon.com	97%	$2,921,416	$3,002,296	15%	14%	26%	29%	(3%)	(2%)	12%	12%	3.7x	3.3x	14.4x	11.4x	--	--	21.3x	26.3x
Meta	70%	$1,418,012	$1,439,369	26%	20%	57%	57%	(2%)	(13%)	24%	6%	5.7x	4.8x	10.0x	8.3x	--	--	17.5x	16.3x
Oracle	38%	$374,087	$515,127	27%	41%	56%	57%	(50%)	(40%)	(22%)	1%	6.4x	4.6x	11.4x	8.1x	--	--	16.5x	13.4x
Mean (1)	**75%**			**22%**	**23%**	**49%**	**51%**	**(8%)**	**(11%)**	**14%**	**12%**	**6.8x**	**5.6x**	**14.0x**	**11.1x**	**64.2x**	**79.5x**	**19.6x**	**20.4x**
Median	**84%**			**23%**	**20%**	**56%**	**57%**	**(2%)**	**(6%)**	**23%**	**12%**	**6.4x**	**4.8x**	**14.4x**	**11.4x**	**64.2x**	**79.5x**	**17.5x**	**21.8x**

Source: FactSet, as of July 31, 2026. USD in millions. Estimates reflect calendarized median consensus for CY2026E and CY2027E. Rule of 40 defined as revenue growth plus free cash flow margin.

(1) Excludes multiples below 0x and above 1,000x

Public Trading Multiples: Cybersecurity

Cybersecurity				Operating Metrics								Valuation Metrics							
	% of	Market	Enterprise	Revenue Growth		EBITDA Margin		FCF Margin		R40		EV / Revenue		EV / EBITDA		P / FCF		P / E	
Company	52-Week High	Capitalization	Value	2026	2027	2026	2027	2026	2027	2026	2027	2026	2027	2026	2027	2026	2027	2026	2027
Palo Alto Net.	90%	$270,441	$269,395	22%	17%	34%	32%	38%	39%	60%	56%	21.3x	18.2x	63.2x	57.4x	56.2x	49.1x	85.0x	76.3x
CrowdStrike	88%	$194,345	$190,616	23%	22%	30%	32%	30%	32%	53%	54%	33.1x	27.2x	111.1x	86.1x	111.4x	88.4x	158.4x	125.3x
Fortinet	95%	$118,825	$115,252	19%	11%	38%	38%	38%	37%	57%	48%	14.3x	12.9x	37.6x	33.8x	41.7x	37.6x	47.1x	43.6x
Cloudflare	95%	$99,072	$98,422	30%	27%	24%	26%	13%	15%	43%	42%	34.8x	27.3x	146.9x	106.3x	281.8x	187.9x	232.5x	181.2x
VeriSign	93%	$26,189	$27,495	6%	10%	74%	74%	57%	59%	63%	69%	15.8x	14.4x	21.3x	19.6x	26.4x	22.3x	30.3x	26.5x
Okta	90%	$24,668	$22,489	10%	9%	27%	28%	28%	29%	37%	38%	7.3x	6.6x	26.9x	24.0x	29.8x	26.3x	37.3x	33.6x
Zscaler	45%	$24,450	$22,773	21%	17%	27%	28%	23%	24%	44%	41%	6.3x	5.4x	23.3x	19.3x	31.1x	26.3x	35.0x	30.6x
Akamai Tech	70%	$16,745	$21,683	7%	11%	39%	40%	(5%)	12%	2%	23%	4.9x	4.5x	12.6x	11.1x	--	23.2x	17.2x	16.2x
Rubrik	73%	$14,894	$14,291	26%	22%	4%	6%	18%	20%	44%	43%	8.7x	7.2x	240.3x	114.2x	55.2x	40.5x	264.4x	120.2x
SailPoint	70%	$9,512	$9,123	19%	18%	20%	21%	15%	19%	34%	37%	7.2x	6.1x	37.1x	28.8x	51.9x	36.5x	53.5x	42.6x
SentinelOne	92%	$6,534	$5,863	20%	18%	15%	16%	8%	13%	28%	31%	4.9x	4.1x	33.1x	25.2x	76.0x	36.3x	56.5x	39.9x
Qualys	86%	$5,098	$4,679	8%	7%	44%	45%	41%	41%	49%	49%	6.6x	6.1x	14.7x	13.7x	17.1x	15.2x	19.1x	17.4x
Netskope	45%	$5,085	$4,729	--	22%	(6%)	3%	3%	7%	NA	29%	5.4x	4.4x	--	134.2x	182.1x	82.6x	--	4177.6x
Varonis	63%	$4,589	$4,419	18%	19%	4%	8%	15%	18%	33%	37%	6.0x	5.1x	159.6x	65.2x	48.7x	32.5x	266.3x	105.1x
Tenable	75%	$3,599	$3,661	8%	7%	26%	26%	25%	26%	33%	33%	3.6x	3.3x	13.8x	12.6x	14.3x	12.4x	16.5x	15.0x
Fastly Inc	65%	$3,546	$3,614	15%	11%	16%	17%	6%	8%	21%	19%	4.9x	4.4x	31.8x	25.8x	85.5x	80.9x	68.7x	58.1x
Mean [(1)]	**77%**			**17%**	**16%**	**26%**	**27%**	**22%**	**25%**	**40%**	**41%**	**11.6x**	**9.8x**	**64.9x**	**48.6x**	**73.9x**	**49.9x**	**92.5x**	**62.1x**
Median	**80%**			**19%**	**17%**	**26%**	**27%**	**21%**	**22%**	**43%**	**39%**	**6.9x**	**6.1x**	**33.1x**	**27.3x**	**51.9x**	**36.4x**	**53.5x**	**43.1x**

Source: FactSet, as of July 31, 2026. USD in millions. Estimates reflect calendarized median consensus for CY2026E and CY2027E. Rule of 40 defined as revenue growth plus free cash flow margin.

(1) Excludes multiples below 0x and above 1,000x

Public Trading Multiples: Applications

Applications				Operating Metrics								Valuation Metrics								
	% of	Market	Enterprise	Revenue Growth		EBITDA Margin		FCF Margin		R40		EV / Revenue		EV / EBITDA		P / FCF		P / E	
Company	52-Week High	Capitalization	Value	2026	2027	2026	2027	2026	2027	2026	2027	2026	2027	2026	2027	2026	2027	2026	2027
Palantir	59%	$295,013	$287,295	71%	45%	61%	62%	56%	56%	128%	102%	40.3x	27.7x	66.2x	44.5x	71.1x	45.7x	85.5x	60.2x
SAP	61%	$222,874	$211,858	4%	12%	32%	33%	25%	25%	29%	37%	4.6x	4.1x	14.3x	12.4x	18.9x	16.4x	22.7x	19.4x
Shopify	64%	$151,869	$146,456	28%	24%	18%	19%	17%	19%	46%	43%	9.9x	8.0x	53.9x	42.6x	59.8x	45.6x	63.3x	51.6x
Salesforce	68%	$150,712	$181,423	11%	10%	42%	40%	33%	33%	44%	42%	4.2x	3.8x	9.9x	9.5x	10.4x	9.4x	13.2x	11.9x
Adobe	68%	$99,538	$100,977	11%	9%	48%	47%	39%	39%	51%	48%	3.8x	3.5x	8.0x	7.5x	9.5x	8.6x	10.2x	9.0x
Intuit	40%	$86,457	$86,577	13%	11%	43%	44%	36%	35%	48%	46%	3.9x	3.5x	9.1x	8.0x	11.3x	10.3x	12.5x	11.0x
Autodesk	71%	$49,416	$49,216	14%	10%	41%	42%	34%	34%	48%	45%	6.1x	5.5x	14.9x	13.2x	18.0x	15.9x	18.9x	16.7x
Workday	64%	$39,604	$39,047	12%	11%	34%	35%	30%	31%	41%	42%	3.8x	3.4x	11.3x	9.9x	13.0x	11.3x	15.1x	12.9x
Veeva Systems	66%	$33,103	$25,893	14%	12%	45%	45%	43%	43%	57%	55%	7.4x	6.6x	16.3x	14.5x	21.7x	19.2x	22.7x	20.5x
Dassault	63%	$30,955	$26,811	2%	6%	36%	36%	24%	25%	27%	30%	3.8x	3.6x	10.7x	10.0x	16.5x	15.5x	14.4x	13.7x
Zoom	84%	$28,171	$20,470	4%	4%	43%	43%	34%	36%	39%	40%	4.2x	4.0x	9.6x	9.2x	16.8x	15.7x	16.1x	15.5x
Verisk Analytics	69%	$25,361	$29,426	5%	7%	56%	57%	33%	34%	38%	41%	9.2x	8.6x	16.3x	15.2x	24.0x	21.1x	25.3x	22.4x
Samsara	79%	$21,785	$21,046	25%	20%	22%	23%	14%	15%	38%	35%	10.7x	8.9x	49.7x	38.9x	81.1x	61.8x	53.5x	42.2x
Toast	65%	$18,717	$16,964	20%	18%	11%	12%	10%	11%	30%	29%	2.4x	2.0x	22.0x	17.2x	25.8x	22.1x	24.3x	19.4x
SS&C Tech	85%	$18,080	$22,515	8%	5%	40%	40%	24%	25%	32%	30%	3.4x	3.2x	8.6x	8.1x	--	--	10.9x	9.8x
PTC	63%	$15,847	$17,103	1%	7%	50%	49%	32%	35%	33%	42%	6.2x	5.8x	12.4x	11.7x	17.6x	14.7x	16.5x	15.1x
Unity Software	61%	$13,843	$14,287	16%	14%	28%	31%	26%	29%	42%	43%	6.7x	5.8x	23.9x	18.7x	24.7x	30.1x	--	49.9x
Figma	17%	$12,850	$11,258	35%	22%	11%	11%	11%	13%	46%	34%	7.8x	6.4x	74.1x	58.4x	187.1x	202.7x	90.1x	73.7x
Tyler Tech	50%	$12,679	$13,164	10%	10%	29%	29%	27%	28%	37%	38%	5.3x	4.8x	18.3x	16.2x	18.3x	15.9x	23.7x	20.4x
Guidewire Softw.	56%	$12,650	$12,605	19%	15%	24%	27%	24%	26%	43%	41%	8.2x	7.2x	33.8x	26.3x	34.1x	27.8x	40.4x	33.0x
HubSpot	45%	$12,157	$10,713	18%	16%	25%	26%	20%	21%	39%	37%	3.0x	2.6x	12.0x	10.1x	16.4x	13.8x	18.1x	15.2x
Manhattan Assoc.	87%	$11,322	$11,190	8%	9%	36%	36%	34%	33%	41%	42%	9.6x	8.8x	26.9x	24.4x	28.3x	26.4x	34.8x	31.1x
Bentley Syst.	61%	$10,767	$11,827	13%	10%	36%	37%	31%	32%	45%	43%	7.3x	6.6x	20.3x	18.1x	20.8x	18.7x	25.9x	22.7x
DocuSign	63%	$10,469	$9,821	9%	8%	35%	35%	33%	33%	41%	41%	2.9x	2.7x	8.4x	7.8x	9.5x	8.2x	12.2x	10.9x
Trade Desk	20%	$8,481	$7,498	10%	10%	40%	41%	25%	23%	35%	34%	2.4x	2.2x	6.0x	5.4x	10.5x	11.0x	17.5x	14.9x
Procore Tech	67%	$8,264	$7,752	14%	13%	26%	31%	20%	23%	34%	36%	5.1x	4.5x	20.0x	14.8x	28.5x	19.6x	33.2x	23.5x
Paycom	66%	$7,810	$8,419	7%	7%	44%	44%	22%	23%	29%	29%	4.1x	3.9x	9.4x	8.7x	15.0x	12.4x	15.0x	13.7x
Paylocity	70%	$7,383	$7,218	9%	7%	37%	37%	25%	25%	34%	32%	4.0x	3.7x	11.0x	10.1x	16.7x	15.0x	16.4x	15.1x
Dropbox	97%	$7,327	$10,047	(1%)	(0%)	46%	46%	37%	39%	37%	38%	4.2x	4.2x	9.0x	9.0x	7.7x	6.8x	10.5x	9.1x
Descartes Systems	69%	$6,431	$6,072	11%	11%	46%	47%	37%	38%	49%	49%	7.7x	6.9x	16.6x	14.7x	22.0x	19.5x	32.9x	28.2x

Source: FactSet, as of July 31, 2026. USD in millions. Estimates reflect calendarized median consensus for CY2026E and CY2027E. Rule of 40 defined as revenue growth plus free cash flow margin.
(1) Excludes multiples below 0x and above 1,000x

Public Trading Multiples: Apps (Cont.)

Applications				Operating Metrics								Valuation Metrics							
	% of	Market	Enterprise	Revenue Growth		EBITDA Margin		FCF Margin		R40		EV / Revenue		EV / EBITDA		P / FCF		P / E	
Company	52-Week High	Capitalization	Value	2026	2027	2026	2027	2026	2027	2026	2027	2026	2027	2026	2027	2026	2027	2026	2027
AppFolio	55%	$6,382	$6,196	18%	17%	29%	30%	25%	26%	44%	43%	5.5x	4.7x	19.3x	15.6x	22.8x	18.9x	26.2x	21.5x
Duolingo	29%	$6,281	$5,121	16%	14%	26%	26%	30%	31%	46%	46%	4.5x	4.0x	17.6x	15.1x	17.0x	16.1x	48.5x	41.0x
Open Text	64%	$6,148	$11,307	1%	1%	36%	37%	17%	20%	18%	21%	2.2x	2.2x	6.1x	5.9x	6.9x	5.7x	5.8x	5.5x
NICE	63%	$5,678	$5,549	8%	10%	29%	29%	19%	19%	27%	29%	1.8x	1.6x	6.1x	5.6x	10.6x	7.6x	8.9x	7.9x
Klaviyo	49%	$5,339	$4,471	23%	20%	17%	17%	16%	17%	39%	37%	3.0x	2.5x	18.2x	14.7x	22.0x	17.8x	21.0x	17.3x
Pegasystems	45%	$5,023	$4,730	8%	9%	27%	29%	29%	30%	37%	39%	2.6x	2.4x	9.8x	8.5x	11.0x	10.8x	12.7x	11.8x
RingCentral	94%	$4,645	$5,897	5%	4%	27%	28%	23%	24%	28%	28%	2.3x	2.2x	8.4x	7.9x	7.8x	7.4x	11.1x	10.1x
BILL Holdings	79%	$4,495	$4,097	12%	12%	23%	26%	23%	25%	35%	37%	2.7x	2.4x	11.9x	9.3x	11.9x	9.3x	15.1x	12.3x
Box	93%	$4,371	$4,920	9%	8%	31%	32%	28%	29%	37%	37%	3.9x	3.6x	12.6x	11.3x	11.2x	10.8x	20.4x	17.7x
Q2	71%	$3,796	$3,728	11%	10%	28%	30%	25%	27%	37%	37%	4.4x	4.0x	15.8x	13.6x	17.9x	15.6x	20.2x	18.1x
Doximity	27%	$3,759	$3,020	6%	5%	51%	50%	44%	45%	50%	51%	5.2x	4.9x	10.2x	9.8x	13.5x	13.1x	14.4x	13.6x
monday.com	33%	$3,684	$2,649	19%	16%	14%	16%	19%	21%	39%	37%	2.2x	1.9x	15.7x	11.5x	14.8x	11.4x	19.4x	15.9x
CCC Intel. Solutions	58%	$3,587	$4,850	10%	9%	42%	43%	26%	27%	36%	36%	4.2x	3.8x	9.9x	9.0x	--	--	13.5x	11.7x
Freshworks	81%	$3,264	$2,522	15%	14%	24%	27%	28%	28%	42%	42%	2.6x	2.3x	10.7x	8.5x	12.1x	10.7x	18.3x	14.4x
Braze	67%	$2,807	$2,502	22%	17%	9%	12%	10%	12%	31%	29%	2.8x	2.4x	29.7x	19.3x	33.7x	24.1x	40.9x	26.2x
SPS Commerce	63%	$2,642	$2,475	5%	7%	34%	35%	23%	23%	28%	29%	3.2x	3.0x	9.4x	8.6x	14.3x	12.4x	15.0x	13.9x
Intapp	68%	$2,519	$2,393	14%	14%	22%	25%	23%	23%	37%	37%	4.0x	3.5x	18.0x	14.2x	19.2x	16.5x	23.3x	18.5x
Five9	95%	$2,106	$2,183	10%	10%	24%	25%	14%	16%	24%	26%	1.9x	1.8x	8.0x	6.9x	12.0x	10.5x	8.4x	7.3x
Vertex	38%	$2,089	$2,169	11%	11%	25%	28%	12%	19%	23%	30%	2.6x	2.3x	10.5x	8.3x	20.5x	12.9x	15.9x	12.8x
nCino	54%	$2,022	$2,260	8%	9%	27%	29%	21%	23%	29%	32%	3.5x	3.2x	13.2x	11.1x	15.0x	11.9x	14.7x	12.6x
Appian	59%	$1,979	$2,068	14%	10%	12%	14%	10%	12%	24%	22%	2.5x	2.3x	20.6x	16.7x	23.6x	18.7x	27.0x	21.7x
Flywire	84%	$1,946	$1,622	23%	15%	23%	25%	16%	18%	40%	33%	2.3x	2.0x	10.2x	8.2x	--	--	39.1x	26.0x
Alkami Tech	68%	$1,943	$2,220	19%	17%	18%	21%	11%	16%	31%	33%	4.2x	3.6x	22.9x	16.7x	--	--	22.7x	16.6x
Blackbaud	61%	$1,943	$2,212	4%	5%	37%	38%	25%	25%	29%	30%	1.9x	1.8x	5.0x	4.7x	6.6x	6.0x	8.2x	7.2x
Asana	53%	$1,918	$1,741	9%	8%	12%	14%	13%	16%	22%	24%	2.1x	2.0x	17.0x	13.9x	--	--	23.0x	18.2x
BlackLine	53%	$1,842	$2,036	10%	11%	29%	30%	21%	23%	30%	33%	3.1x	2.8x	10.9x	9.3x	13.9x	12.4x	12.7x	11.3x
C3.ai	39%	$1,427	$910	(21%)	3%	(67%)	(42%)	(57%)	(32%)	(78%)	(28%)	3.3x	3.2x	--	--	--	--	--	--
Amplitude	61%	$1,178	$1,006	17%	16%	3%	6%	5%	6%	21%	22%	2.5x	2.2x	73.6x	35.4x	--	--	177.6x	68.3x
Phreesia	33%	$663	$681	8%	5%	25%	27%	15%	19%	23%	24%	1.3x	1.3x	5.4x	4.7x	8.2x	6.5x	29.3x	17.1x
Expensify	86%	$176	$95	(5%)	(2%)	17%	18%	6%	7%	0%	5%	0.7x	0.7x	3.9x	3.8x	18.2x	18.2x	26.0x	45.5x
Mean [(1)]	**62%**			**12%**	**11%**	**29%**	**30%**	**23%**	**25%**	**35%**	**36%**	**4.9x**	**4.2x**	**17.9x**	**14.3x**	**23.0x**	**20.1x**	**26.5x**	**21.3x**
Median	**63%**			**11%**	**10%**	**29%**	**30%**	**24%**	**25%**	**37%**	**37%**	**3.9x**	**3.5x**	**12.4x**	**11.1x**	**16.8x**	**15.0x**	**19.1x**	**16.6x**

Source: FactSet, as of July 31, 2026. USD in millions. Estimates reflect calendarized median consensus for CY2026E and CY2027E. Rule of 40 defined as revenue growth plus free cash flow margin.

(1) Excludes multiples below 0x and above 1,000x

Compute Buildout

Hyperscaler CapEx Investments

CapEx ($Millions)

	META	GOOG	MSFT	AMZN	ORCL	Total
2016	$4,491	$10,212	$9,114	$6,737	$1,628	$32,182
2017	$6,733	$13,184	$8,696	$11,955	$1,986	$42,554
2018	$13,915	$25,139	$14,223	$13,427	$1,520	$68,224
2019	$15,102	$23,548	$13,546	$16,861	$1,575	$70,632
2020	$15,115	$22,281	$17,592	$40,140	$1,839	$96,967
2021	$18,567	$24,640	$23,216	$61,053	$3,347	$130,823
2022	$31,431	$31,485	$24,768	$63,645	$7,187	$158,516
2023	$27,266	$32,251	$35,202	$52,729	$6,617	$154,065
2024	$37,256	$52,535	$55,552	$82,999	$12,141	$240,483
2025	$69,691	$91,447	$83,094	$131,819	$39,735	$415,786
2026	$136,031	$199,593	$146,852	$211,403	$76,991	$770,871
2027	$183,991	$294,571	$208,732	$258,713	$92,151	$1,038,159
2028	$200,077	$330,514	$227,206	$277,963	$90,242	$1,126,001

Revenue ($Millions)

	META	GOOG	MSFT	AMZN	ORCL	Total
2016	$27,638	$89,733	$88,317	$135,987	$37,300	$378,975
2017	$40,653	$111,024	$101,835	$177,866	$38,947	$470,325
2018	$55,838	$136,958	$118,224	$232,887	$39,424	$583,331
2019	$70,697	$161,402	$134,088	$280,522	$39,643	$686,352
2020	$85,965	$182,350	$153,284	$386,064	$39,499	$847,162
2021	$117,929	$257,488	$184,903	$469,822	$41,543	$1,071,685
2022	$116,609	$280,875	$204,094	$513,983	$46,701	$1,162,262
2023	$134,902	$307,157	$227,583	$574,785	$51,923	$1,296,350
2024	$164,501	$349,807	$261,802	$637,959	$55,216	$1,469,285
2025	$200,966	$402,962	$305,453	$716,924	$62,037	$1,688,342
2026	$253,950	$495,177	$356,848	$826,520	$80,406	$2,012,902
2027	$304,548	$605,260	$427,385	$941,799	$113,318	$2,392,311
2028	$358,937	$720,255	$512,999	$1,092,146	$159,766	$2,844,104

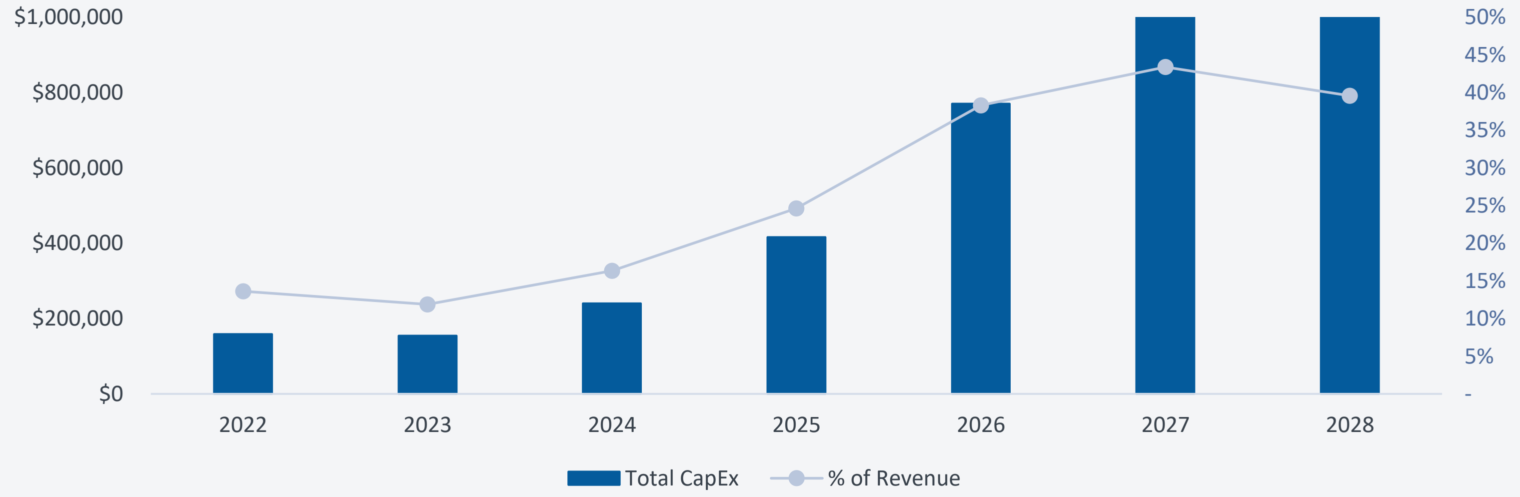
CapEx % of Revenue

	META	GOOG	MSFT	AMZN	ORCL	Total
2016	16%	11%	10%	5%	4%	8%
2017	17%	12%	9%	7%	5%	9%
2018	25%	18%	12%	6%	4%	12%
2019	21%	15%	10%	6%	4%	10%
2020	18%	12%	11%	10%	5%	11%
2021	16%	10%	13%	13%	8%	12%
2022	27%	11%	12%	12%	15%	14%
2023	20%	10%	15%	9%	13%	12%
2024	23%	15%	21%	13%	22%	16%
2025	35%	23%	27%	18%	64%	25%
2026	54%	40%	41%	26%	96%	38%
2027	60%	49%	49%	27%	81%	43%
2028	56%	46%	44%	25%	56%	40%

CapEx YoY Growth (%)

	META	GOOG	MSFT	AMZN	ORCL	Total
2017	50%	29%	(5%)	77%	22%	32%
2018	107%	91%	64%	12%	(23%)	60%
2019	9%	(6%)	(5%)	26%	4%	4%
2020	0%	(5%)	30%	138%	17%	37%
2021	23%	11%	32%	52%	82%	35%
2022	69%	28%	7%	4%	115%	21%
2023	(13%)	2%	42%	(17%)	(8%)	(3%)
2024	37%	63%	58%	57%	83%	56%
2025	87%	74%	50%	59%	227%	73%
2026	95%	118%	77%	60%	94%	85%
2027	35%	48%	42%	22%	20%	35%
2028	9%	12%	9%	7%	(2%)	8%

Total CapEx (META + GOOG + MSFT + AMZN + ORCL)

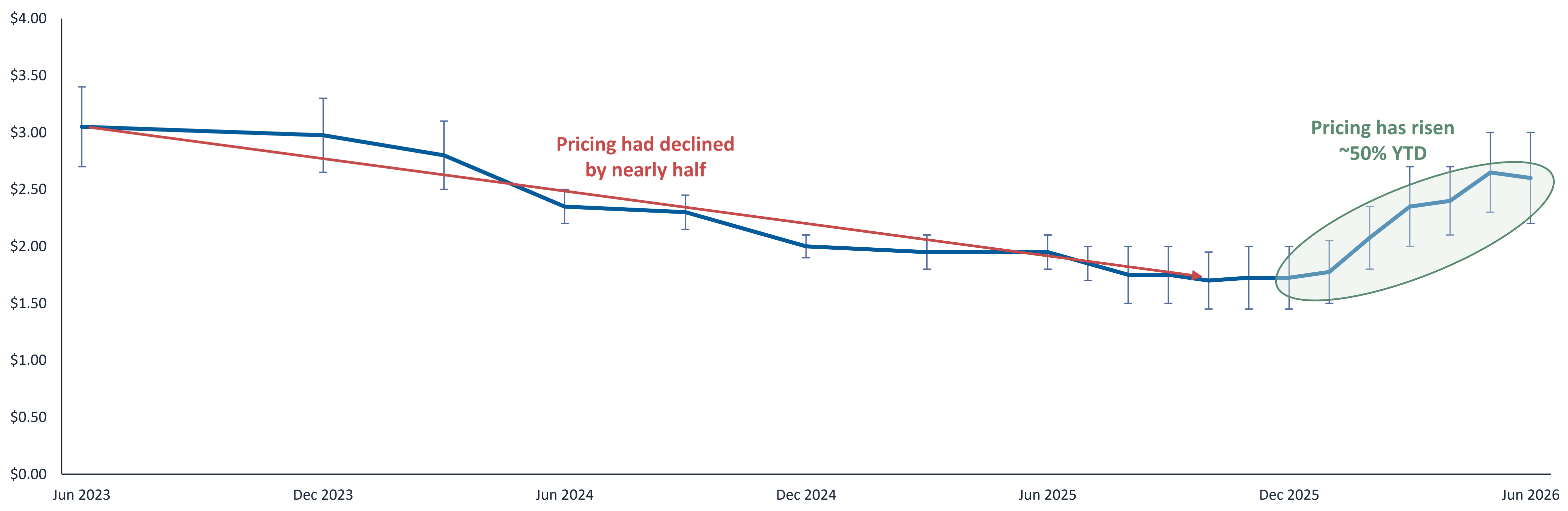


Source: FactSet, as of July 31, 2026

GPU Rental Pricing

GPU rental pricing had declined nearly 50% from H1 2023 to its trough in October 2025, before rebounding nearly ~50% in the YTD period through June 2026 on higher actual and projected demand as autonomous agents became broadly available. On-demand GPU rental pricing, historically priced at a ~40-50% premium over the annual contracted rate, became unavailable in February 2026 as the demand inflection left no spare capacity to absorb additional workloads. The rental pricing rebound and ever-climbing hyperscaler capital expenditures are a clear signal that capital and compute are the primary bottlenecks to AI. There is little indication that supply and demand will reach a near-term equilibrium.

GPU Rental Pricing (1 Year Contract)



Source: *SemiAnalysis, as of July 30, 2026 (link). Pricing through June 2026.*

Note: Error bars reflect 25th to 75th percentile pricing. Charted line is the midpoint of the error bars. Pricing reflects 25% prepay.

Private Markets Review

Most Prominent Private AI Companies

Frontier Labs

Anthropic [1] $965B
Frontier LLM lab building the Claude model family and the Claude Code and Cowork products.

OpenAI [2] $852B
Frontier LLM lab building the ChatGPT model product family and related products.

DeepSeek $59B
Chinese model provider; Builds open-weight models priced far below Western labs.

Safe Superintelligence $32B
Research-only lab pursuing safe superintelligence.

Mistral AI $14B
French developer of open-weight and proprietary LLMs and the Le Chat assistant.

Thinking Machines $10B
Developer of multimodal machine learning systems used for adaptable AI applications.

Defense AI

Anduril $100B
Defense tech building AI-powered autonomous systems.

Shield AI $13B
Defense tech building AI-powered autonomous systems.

AI Infrastructure & Data

Databricks $188B
Data and AI lakehouse platform for analytics and AI workloads on enterprise data.

VAST Data $30B
Unified storage, database, and compute data platform built for AI workloads and neoclouds.

Crusoe $10B
AI optimized cloud infrastructure and tools for model training and deployment.

Lambda $5B
GPU cloud provider renting Nvidia compute and building AI-specific data centers.

Robotics & Physical AI

Figure AI $39B
Builds general-purpose humanoid robots powered by in-house Helix vision-language-action AI.

Skild AI $14B
Builds an omni-bodied general-purpose robotics foundation model for diverse hardware.

Physical Intelligence $12B
Builds vision-language-action foundation models to control any robot hardware.

Coding & Agents

Cognition $26B
Builds Devin, an autonomous AI software engineer, and owns the Windsurf IDE.

Replit $9B
Browser-based platform letting non-technical users build apps via AI agents.

Lovable $7B
Platform generating production web apps from natural-language prompts.

Applied AI

Perplexity $20B
AI-powered search and discovery tools designed for answering questions and exploring topics.

ElevenLabs $22B
Voice and audio AI: text-to-speech, voice cloning, dubbing, and conversational agents.

Sierra $16B
Enterprise conversational and customer-experience AI agents.

Harvey $11B
Legal and professional-services AI for contract analysis, research, and agentic workflows.

Glean $7B
Enterprise AI search and work assistant built on a permissions-aware knowledge graph.

Notes: As of July 30, 2026. Valuations in billions USD. Valuations primarily per Pitchbook as of the last financing but may include valuation markers from recent rounds as well as best public estimates, including reported and "in-talks" rumors.

(1) Anthropic ~$47B run-rate, May 2026; first profitable quarter projected Q2 2026 (CNBC)

(2) OpenAI ~$25B run-rate early 2026 (Reuters)

AI Capital Formation: Round Dynamics

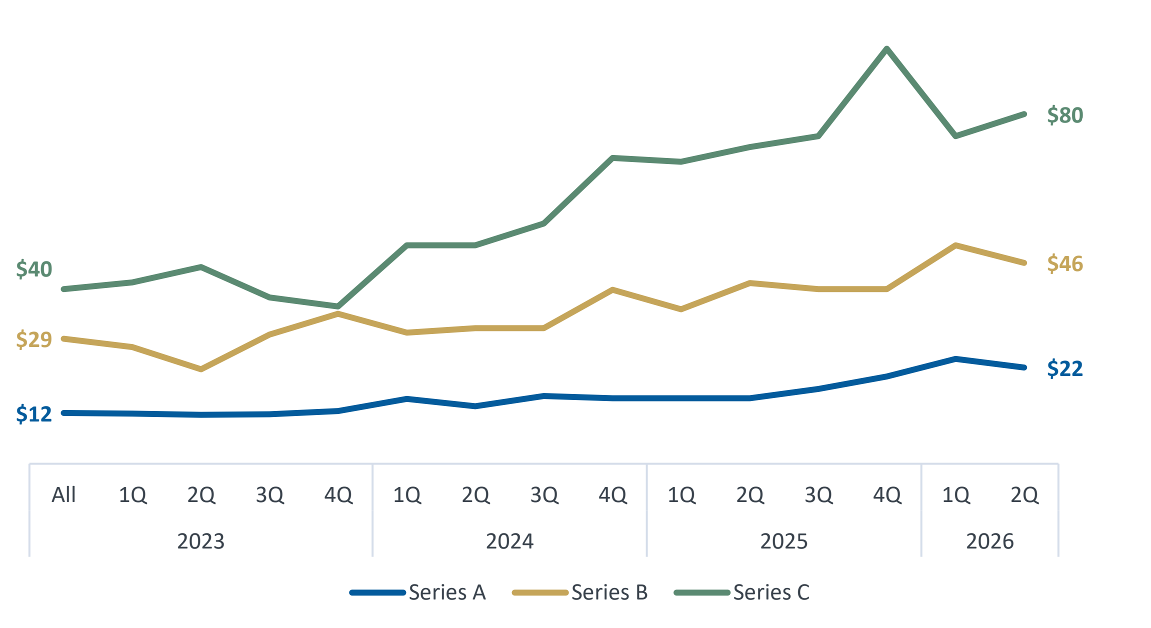
The price of participating in AI keeps climbing. Series A step-ups hit record highs while Series C cools for a fourth straight quarter.

Median round sizes have stepped up across the board, and valuation step-ups between rounds have risen sharply at the earlier rounds. Round sizes inflate most at the top, where frontier-model economics force ever-larger raises, but the early-stage step-up acceleration signals that investor conviction, and competition for the best companies, is intensifying.

Series A median post-money valuations hit record highs in late 2025 per Carta, even as the broader software market was being repriced downward. The willingness to pay up early reflects a race to back perceived category winners at seed and Series A rather than wait for proof. Rising valuation step-ups and round sizes sit in contrast to a declining graduation rate (e.g. Series A to Series B) and a liquidity environment that is improving but remains challenged. The risk is a cohort broadly priced for a graduation rate the funnel may not deliver.

Median Valuation Step-Up by Round

Median Round Size



Source: Pitchbook, as of July 5, 2026; Carta

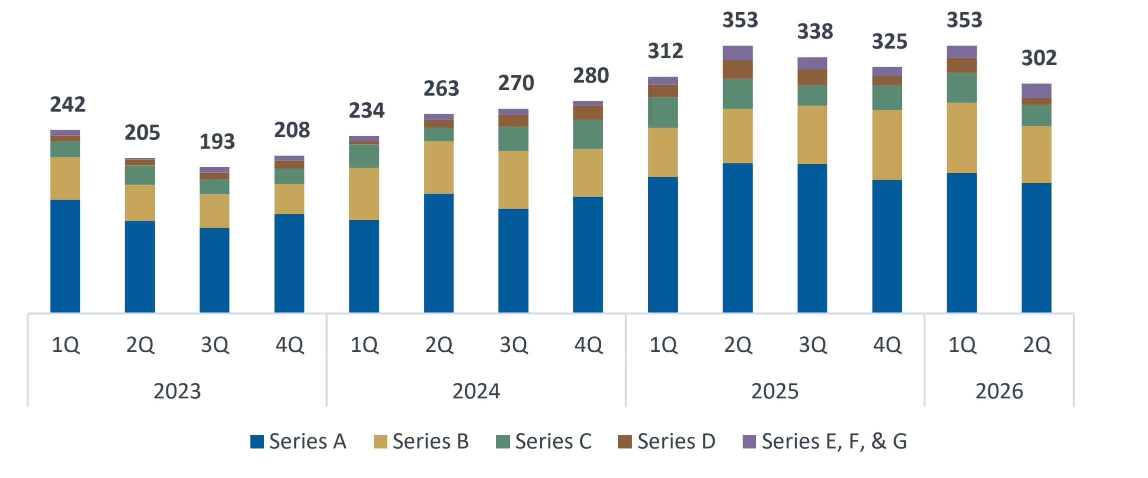
AI Capital Formation: Deal Flow

AI venture funding is broad at the base and concentrated at the top. Deal count has roughly doubled from the late-2023 trough, led by Series A/B as the 2023-24 company-formation wave matured, and has plateaued near those highs over the past year. Series C/D activity now runs ~60% above its 2023 pace as the cohort ages into later rounds. Despite being thin by count, late-stage and unlabeled mega-rounds now attract an overwhelming majority of capital: 84% of 2026 dollars, versus 63% in 2025.

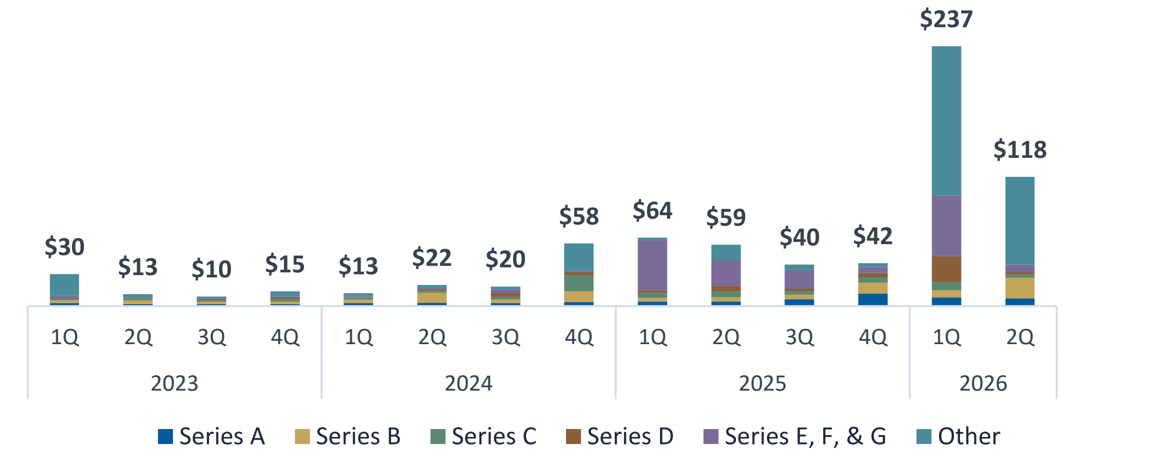
The late-stage dollar spikes trace to a handful of identifiable mega-rounds. The $110bn OpenAI raise in Q1 2026 alone surpassed typical quarterly venture funding activity, and additional mega-rounds (Anthropic $30bn, xAI $20bn, Waymo, and Databricks $5bn) propelled the quarter to $237bn. Anthropic's $65bn raise in Q2 2026 accounts for 55% of the quarter's volume on its own.

The thin Series D is partly timing (the 2023-24 cohort hasn't aged into late rounds yet) but partly a graduation problem. Per SVB, only 13% of Series A companies raised a Series B within 24 months in 2025, and the funnel from B to C is tighter still. The question the funnel raises is whether the broad early-stage cohort will find late-stage capital when it needs it, or whether the dollars stay locked in the frontier names.

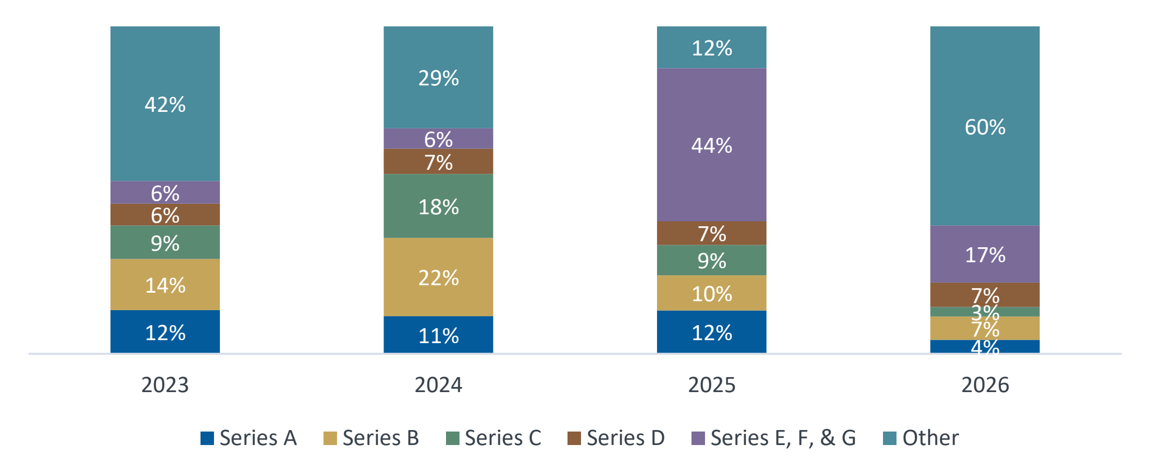
Deal Count by Stage



Deal Volume by Stage ($bn)



Deal Volume by Stage (% of Total)



Source: Pitchbook, as of July 5, 2026; Silicon Valley Bank

Notes: Dollars in billions. Seed dollars are reflected in volume totals but not broken out. Deal counts cover priced Series A-G rounds only and exclude seed and unlabeled rounds. Other includes rounds not labeled. 2Q 2026 figures are preliminary and may revise upward.

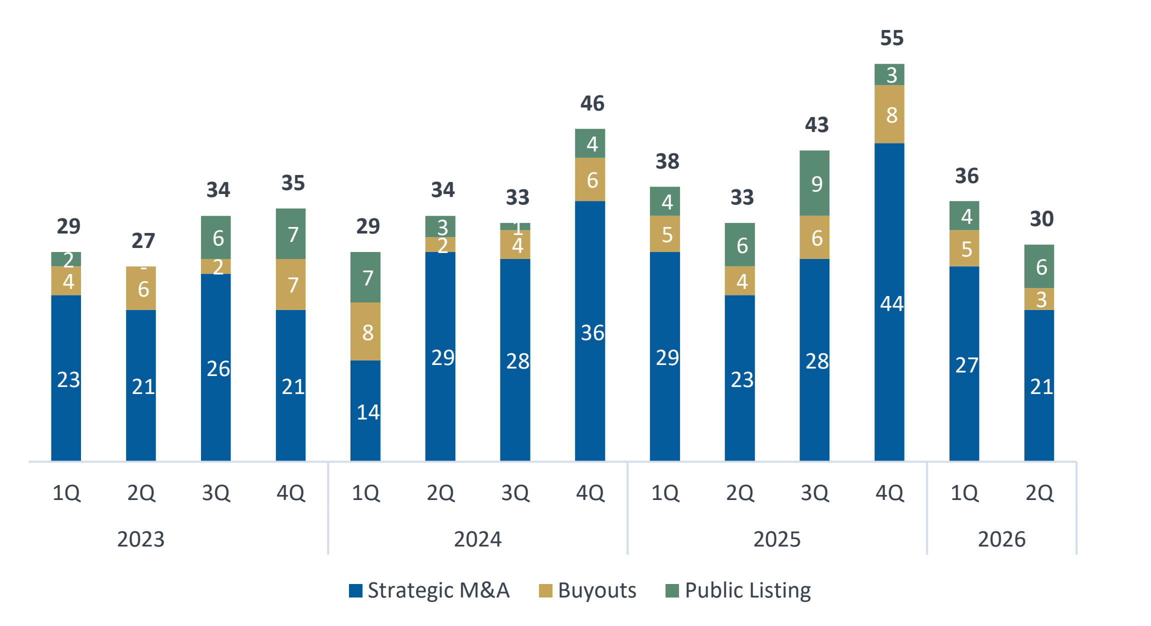
Exit Environment

The exit environment is recovering off its trough but remains narrow and M&A-dependent. In recent years strategic acquisitions account for 70-75% of all software exits by count. The IPO window has gradually reopened with 22 public listings in 2025 vs. 45 during the 2021 peak, and has now accelerated with the SpaceX IPO, the largest ever.

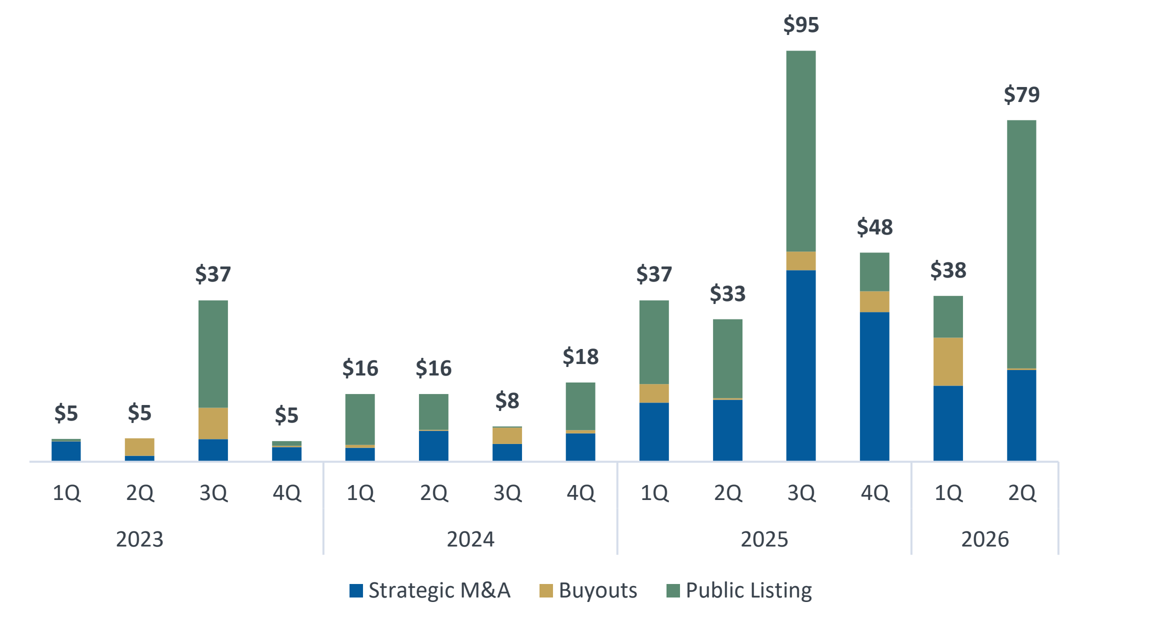
Headline exit value is dominated by a handful of outsized transactions rather than broad-based liquidity. The SpaceX acquisition of xAI and subsequent IPO are so large as to distort the entire chart, and are therefore excluded from the view below. The periodic spikes in public-listing value reflect a few large IPOs clearing the backlog rather than a broadly reopened window, though this may change on the back of a successful SpaceX IPO and highly anticipated IPOs of Anthropic and OpenAI. In the meantime, the pattern is that liquidity is concentrated in a small number of marquee names while the broad cohort waits.

The IPO window, not M&A, is the lever on realized liquidity. Though rare by count, public listings still account for a significant share of total exit volume. With a deep pipeline of names waiting and distributions still well below historical norms, a full reopening of the IPO window could dramatically change the exit environment.

Exit Type (Count)



Exit Type by Volume ($bn)



Source: Pitchbook, as of July 5, 2026

Note: US tech exits only. Exits sub $1M or with unreported values are excluded. Exit Volume chart excludes Spacex acquisition of xAI and Spacex IPO.

Appendix

OUR FOUNDER

Four Decades of Insight, Applied to the AI Transition

Rick Sherlund

Rick has over 40 years of experience in technology and capital markets. He was ranked the #1 software analyst by Institutional Investor for 17 consecutive years and inducted into their Hall of Fame. Rick was a Partner at Goldman Sachs where he led the Technology Research Group, and subsequently held senior investment banking roles at Barclays (Chairman, Software Investment Banking), Perella Weinberg Partners (Partner), and Bank of America (Vice Chairman, Technology Investment Banking). Rick has built personal relationships across the leadership of technology companies, strategic and VC investors, and institutional investors.

#1

17 Consecutive Years

Top-ranked software analyst by Institutional Investor.

Hall of Fame

Institutional Investor

One of 49 inducted out of 14.9K ranked analysts. (1)

4

Platform Shifts

Advised through Client/server, internet, cloud, and AI.

(1) Analyst counts as of 2011 induction date (link)

AI Segments Constitution

Segment	Description and constituents
Silicon & Semis	Companies that design, manufacture, or enable the chips, memory, and networking silicon that AI workloads run on. Advanced Micro Devices, Applied Materials, ARM Holdings, ASML Holding, Astera Labs, Broadcom, Cadence Design, Cerebras Systems, Credo Technology Group, Intel, Kioxia Holdings, KLA, Lam Research, Marvell Technology, Micron Technology, Monolithic Power Systems, NVIDIA Corp, QUALCOMM, SK hynix, Synopsys, Taiwan Semiconductor Manufacturing
Datacenter Enablers	Companies that build, equip, and power the physical data centers and server infrastructure where AI models are trained and deployed. Arista Networks, Cisco Systems, Coherent, CoreWeave, Corning, Dell Technologies, Eaton, Everpure, Flex, Hewlett Packard Ent /US, Nebius, Quanta Services, Super Micro Computer, Vertiv Holdings
Hyperscalers	The cross-layer cloud platform operators whose infrastructure underpins AI services at scale, tracked separately to avoid distorting segment-specific fundamentals. Alphabet, Amazon, Meta Platforms, Microsoft, Oracle
Data & Dev Infra Software	The software layer between cloud infrastructure and end-user applications where data is stored, processed, monitored, and where developers build and deploy AI-powered systems. Atlassian, Confluent, Datadog, Dynatrace, Elastic, F5, GitLab Inc, JFrog, MongoDB, NetScout Systems, Nutanix, PagerDuty, Snowflake, UiPath
Cybersecurity	Security software providers, carved out as a distinct AI beneficiary given that increased agent and AI adoption expands the enterprise attack surface. Akamai Technologies, Cloudflare, CrowdStrike Holdings, CyberArk Software, Fastly Inc, Fortinet, Netskope, Okta, Palo Alto Networks, Qualys, Rubrik, SailPoint, SentinelOne, Tenable Holdings, Varonis Systems, VeriSign, Zscaler
Applications	End-user software platforms where humans and AI agents perform work, spanning horizontal enterprise suites, vertical SaaS, and collaboration tools across varying degrees of AI exposure. Adobe, Alkami Technology, Amplitude, AppFolio, Appian, Asana, Autodesk, Bentley Systems, BILL Holdings, Blackbaud, BlackLine, Box, Braze, C3.ai, CCC Intelligent Solutions, Dassault Systemes, Descartes Systems Group, DocuSign, Doximity, Dropbox, Duolingo, Expensify, Figma, Five9, Flywire, Freshworks, Guidewire Software, HubSpot, Intapp, Intuit, Klaviyo, Manhattan Associates, monday.com, nCino, NICE, Open Text, Palantir Technologies, Paycom Software, Paylocity Hldg, Pegasystems, Phreesia, Procore Tech, PTC, Q2, RingCentral, Salesforce, Samsara, SAP, Shopify, SPS Commerce, SS&C Technologies Holdings, Toast, Trade Desk, Tyler Technologies, Unity Software, Veeva Systems, Verisk Analytics, Vertex, Workday, Zoom Communications

Note: Segments may include names that no longer trade publicly but are kept in the analysis for historical trading periods.

Other Referenced Indices & Baskets

IGV

A broad benchmark for US-listed software, tracking the S&P North American Expanded Technology Software Index. Used as the reference for software's overall performance against which the AI value chain segments are measured.

A10 Networks, ACI Worldwide, Adeia, Adobe, Agilysys, Alarm com Holdings, Alkami Technology, AppFolio, Appian, AppLovin, Arteris, Asana, Atlassian, Aurora Innovation, Autodesk, AvePoint, Bentley Systems, BILL Holdings, BitMine Immersion Technologies, Blackbaud, BlackBerry, BlackLine, Box, Braze, C3.ai, Cadence Design, CCC Intelligent Solutions, Cipher Digital, Circle Internet Group, Cleanspark, Clear Secure, Commvault Systems, Core Scientific, CrowdStrike Holdings, Datadog, Descartes Systems Group, DocuSign, Dolby Laboratories, Dropbox, D-Wave Quantum, Dynatrace, Elastic, Electronic Arts, Fair Isaac, Five9, Fortinet, Freshworks, Gen Digital, GitLab Inc, Guidewire Software, HubSpot, Hut 8, Intapp, InterDigital, Intuit, Klaviyo, Life360, Lightspeed Commerce, LiveRamp Holdings, Manhattan Associates, MARA Holdings, Microsoft Corp, nCino, NCR Voyix, NextNav, Nutanix, Open Text, Oracle, PagerDuty, Palantir Technologies, Palo Alto Networks, Pegasystems, Procore Tech, Progress Software, PTC, Q2, Qualys, RingCentral, Riot Platforms, Roper Technologies, Rubrik, Salesforce, Samsara, SentinelOne, ServiceNow, ServiceTitan, Snap, SoundHound AI, Sprinklr, SPS Commerce, Strategy, Synopsys, Take-Two Interactive, Tenable Holdings, Teradata, TeraWulf, Trimble, Tyler Technologies, UiPath, Unity Software, Varonis Systems, Vertex, Workday, Workiva, Zeta Global Holdings, Zoom Communications, Zscaler

---

Vertical Market Software

Application software built for the workflows of a single industry such as insurance, banking, construction, or healthcare. Carved from the application segment to isolate industry-embedded software, where deep workflow integration and high switching costs leave it less exposed to horizontal AI disruption.

Alkami Technology, AppFolio, Bentley Systems, Blackbaud, CCC Intelligent Solutions, Descartes Systems Group, Doximity, Flywire, Guidewire Software, Intapp, Manhattan Associates, nCino, Phreesia, Procore Tech, Q2, SPS Commerce, SS&C Technologies Holdings, Toast, Tyler Technologies, Veeva Systems, Verisk Analytics, Vertex

---

Horizontal Market Software

Application software sold across all industries by business function such as CRM, HR, finance, and collaboration. Carved from the application segment to isolate the cross-industry suites most exposed to agent-driven disintermediation, and compared against vertical software to show the dispersion within applications.

Adobe, Amplitude, Appian, Asana, Autodesk, BILL Holdings, BlackLine, Box, Braze, DocuSign, Dropbox, Five9, Freshworks, HubSpot, Intuit, monday.com, NICE, Open Text, Palantir Technologies, Paycom Software, Paylocity Hldg, Pegasystems, PTC, RingCentral, Salesforce, SAP, ServiceNow, Trade Desk, Unity Software, Workday, Zoom Communications

Note: IGV constituents as of FactSet, last updated June 29, 2026.

Disclaimer

*This Presentation is for informational use only and is being furnished through Sherlund Partners LLC. This Presentation may not be reproduced or used for any other purpose. All information in this Presentation is based upon information and other sources deemed to be reliable, however, while the information contained herein is believed to be accurate at the time this Presentation was prepared, Sherlund Partners LLC expressly disclaims any and all liability for omissions or misstatements in this Presentation. This Presentation is not an offer to sell or a solicitation of an offer to buy securities or assets. Nothing in this document contains a commitment from Sherlund Partners LLC to subscribe for securities, to provide debt, to arrange any facility, to invest in any way in any transaction, or to advise related thereto or as described herein. The Principals of Sherlund Partners LLC are registered representatives of Finalis Securities, LLC. Securities offered through Finalis Securities LLC * Member SIPC/FINRA and investment banking offered through Sherlund Partners LLC. Sherlund Partners LLC and Finalis Securities, LLC are separate and unaffiliated entities. Certain additional "Disclaimers" are located at https://www.finalis.com/disclaimers*

SHERLUND PARTNERS

Rick Sherlund

rick@sherlundai.com