SHERLUND PARTNERS

AI & Software Market Review
June 2026

Executive Summary

- **The S&P 500 and NASDAQ reached all-time highs in Q2, but 2026 has been a difficult year for software relative to the broader market.** The broad IGV software index fell 24% in the first quarter, continuing the SaaSpocalypse-driven sell-off of late 2025, before recovering some ground in Q2 on an earnings rebound from select names and the April ceasefire to end the first half down 14%.

- **Q2 was the NASDAQ's strongest quarter since the 2020 rebound**, up 21%, as the market rotated into the beneficiaries of hyperscaler capex: datacenter enablers (+100% YTD) and semiconductors (+60%) led.

- **The AI trade continues to disperse as investors separate the beneficiaries of AI disruption from the losers**: the YTD return spread between datacenter enablers (+100%) and applications (-37%) is nearly 140 points. The mechanics differ by layer. The infrastructure rally is estimate-led, with semiconductor forward earnings growth accelerating to 82%, while the software repricing in both directions has occurred on multiples alone: applications have de-rated to the cheapest layer in the stack and cybersecurity has re-rated to 67x forward earnings, each on essentially unchanged near-term growth expectations.

- **The defining development of the year so far has been the emergence of the model harness layer, which has made agents broadly available and configurable by non-technical users. The resulting demand inflection, and a deeper appreciation of AI's potential, are behind the widening divergence in the AI trade.** SaaS applications will continue to face disruption, but to be clear they will continue to require a deterministic, transactional core separate from the probabilistic AI layer. The transactional layers are, to widely varying degrees, the moat. This moat can be thin for simple workflows and CRUD applications and low-end of the market use cases where they are more easily replaced vs more complex workflows with high levels of integration and high data gravity. AI needs to be built in starting at the data layer with clean data and governance to feed the probabilistic modeling that adds a layer of value, agentics, and reasoning that makes the new generation apps more robust beyond the precision required of transactional systems. AI is probabilistic and not well suited for recording transactional data, so to assess a SaaS company's moat we need to look at the complexity of transactional workflows and how actively a company is adding value on top with AI, which we explore in a separate document to follow.

- The demand inflection for AI has pushed hyperscaler capital expenditures to a projected $739bn in 2026, up 78% year over year and 37% of revenue, and GPU rental pricing up roughly 40% YTD, with on-demand capacity effectively 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. Efforts to drive greater inference efficiency and optimize token economics is a key issue for the industry which we also explored in a follow-on paper.

- 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.

- We are likely entering an IPO supercycle: SpaceX debuted in June as the largest IPO in history, with Anthropic expected to follow within months and OpenAI possibly a bit later. 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. Should the window reopen in earnest, a deep pipeline of large, high-quality names is waiting.

Source: FactSet, Pitchbook

Market Monitor

RATES & MACRO

2Y Treasury 4.15%	10Y Treasury 4.44%	Fed Funds (target) 3.75%

YTD RETURNS: COMMODITIES & ALTERNATIVES

Gold -8%	Copper +8%	WTI Crude +20%	Bitcoin -34%

YTD RETURNS: AI VALUE CHAIN - SOFTWARE

Applications -37%	Vertical Software -27%	Horizontal Software -39%	Cybersecurity +35%

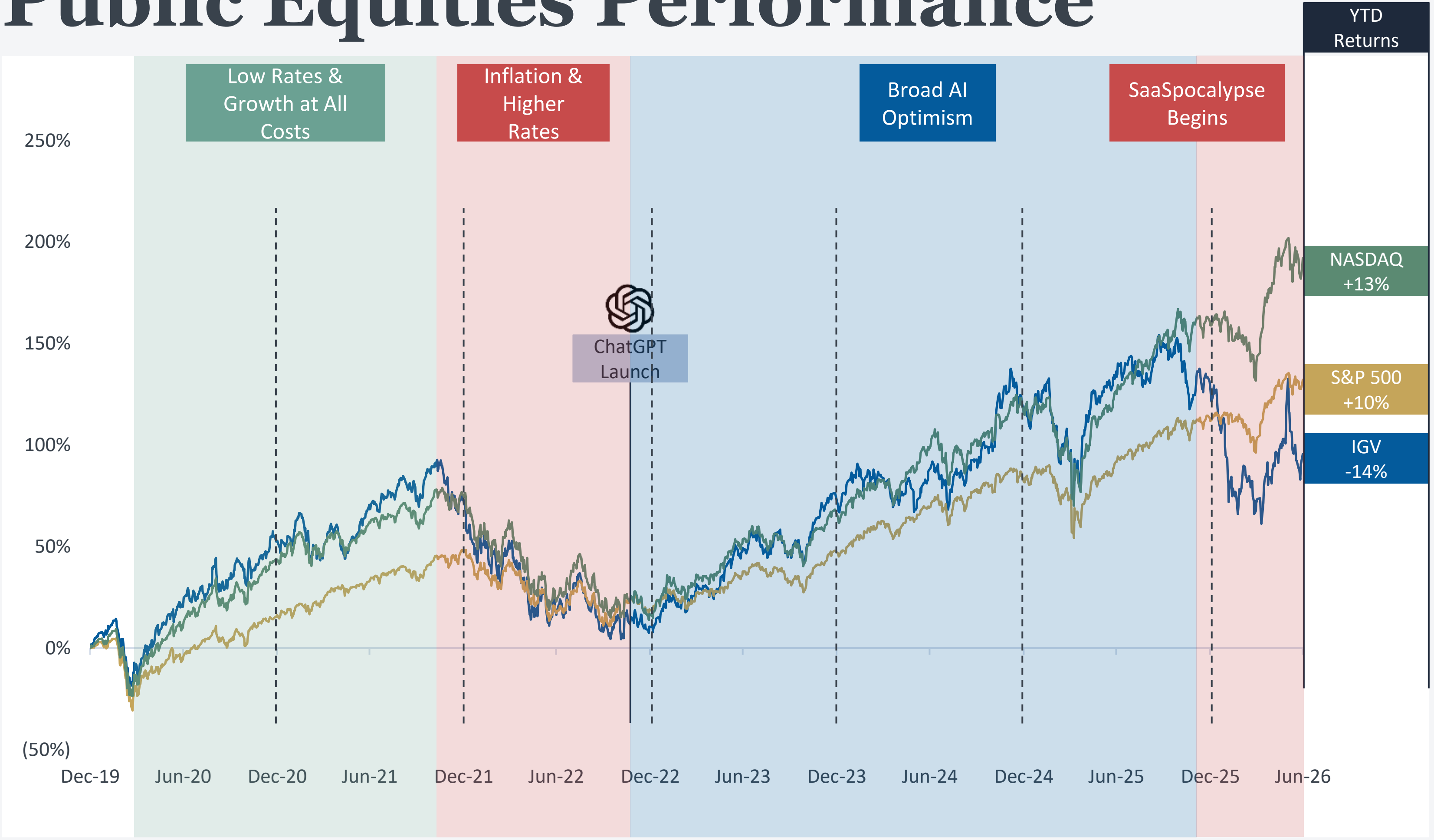
YTD RETURNS: AI VALUE CHAIN - INFRASTRUCTURE

Data & Dev Infra +21%	Hyperscalers -9%	Datacenter Enablers +100%	Silicon & Semis +60%

Source: FactSet, as of June 30, 2026.
Past performance is not indicative or a guarantee of future results.

Public Equity Returns

Public Equities Performance



Software has decoupled from a record-setting market, as investors price AI disruption risk into software even as the S&P 500 and NASDAQ hit all-time highs.

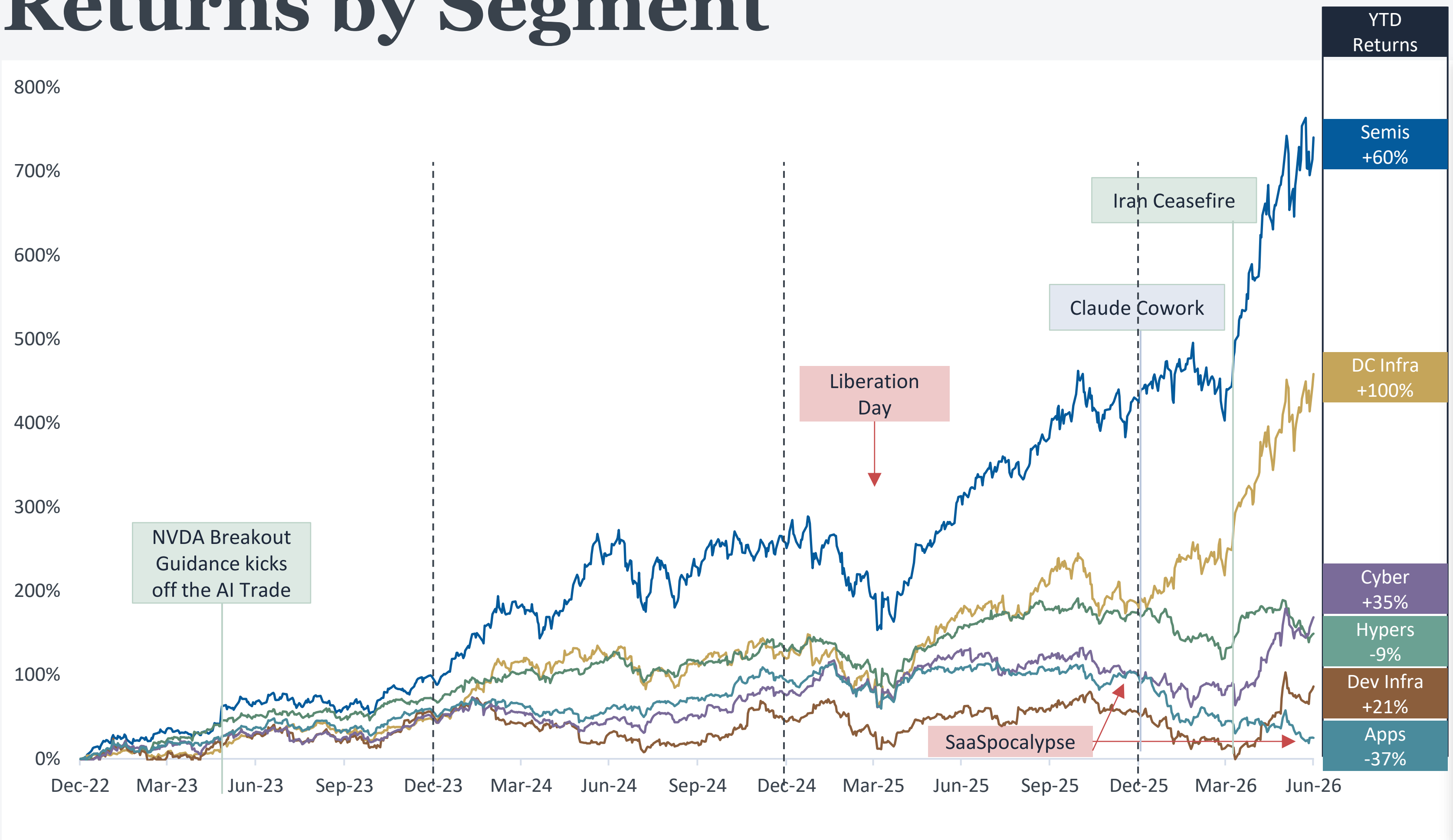
IGV fell 24% in the first quarter, continuing the SaaSpocalypse-driven sell-off of late 2025, before recovering some ground in Q2 2026 on the earnings rebound and the April ceasefire. The bounce cut the drawdown to 14% on the year, against a broad market pushing to new highs. The gap is the AI disruption discount: the market is rewarding the enabling layers while discounting the most exposed software.

Through 2024, the rate cycle dominated. Zero-rate stimulus drove a broad tech stock surge starting in 2020, but the resulting inflationary shock and higher rate environment sent stocks tumbling in 2022. Rate-cut expectations and early AI optimism powered a recovery through 2023 and 2024, before AI and macro concerns left software lagging again in 2025.

	2020	2021	2022	2023	2024	2025	Q1 2026	Q2 2026	2026 YTD
IGV	53%	12%	(36%)	59%	23%	6%	(24%)	**13%**	**(14%)**
S&P 500	16%	27%	(19%)	24%	23%	16%	(5%)	**15%**	**10%**
NASDAQ	44%	21%	(33%)	43%	29%	20%	(7%)	**21%**	**13%**

Source: FactSet, as of June 30, 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 a nearly 140 point return dispersion in the YTD period between datacenter infra enablers (up 100% YTD) and Applications (down 37% 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.

	Since 2022	2023	2024	2025	Q1 2026	Q2 2026	2026 YTD
Silicon & Semis	740%	99%	77%	49%	1%	**59%**	**60%**
AI Infra & Datacenter Enablers	458%	47%	49%	27%	20%	**66%**	**100%**
Hyperscalers	149%	72%	33%	19%	(16%)	**9%**	**(9%)**
Data & Dev Infra Software	86%	54%	(7%)	7%	(26%)	**64%**	**21%**
Cybersecurity	169%	50%	17%	13%	(8%)	**47%**	**35%**
Applications	25%	58%	21%	2%	(27%)	**(14%)**	**(37%)**

Source: FactSet, as of June 30, 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 27% against 39%, a reversal of the prior cycle when horizontal software led.

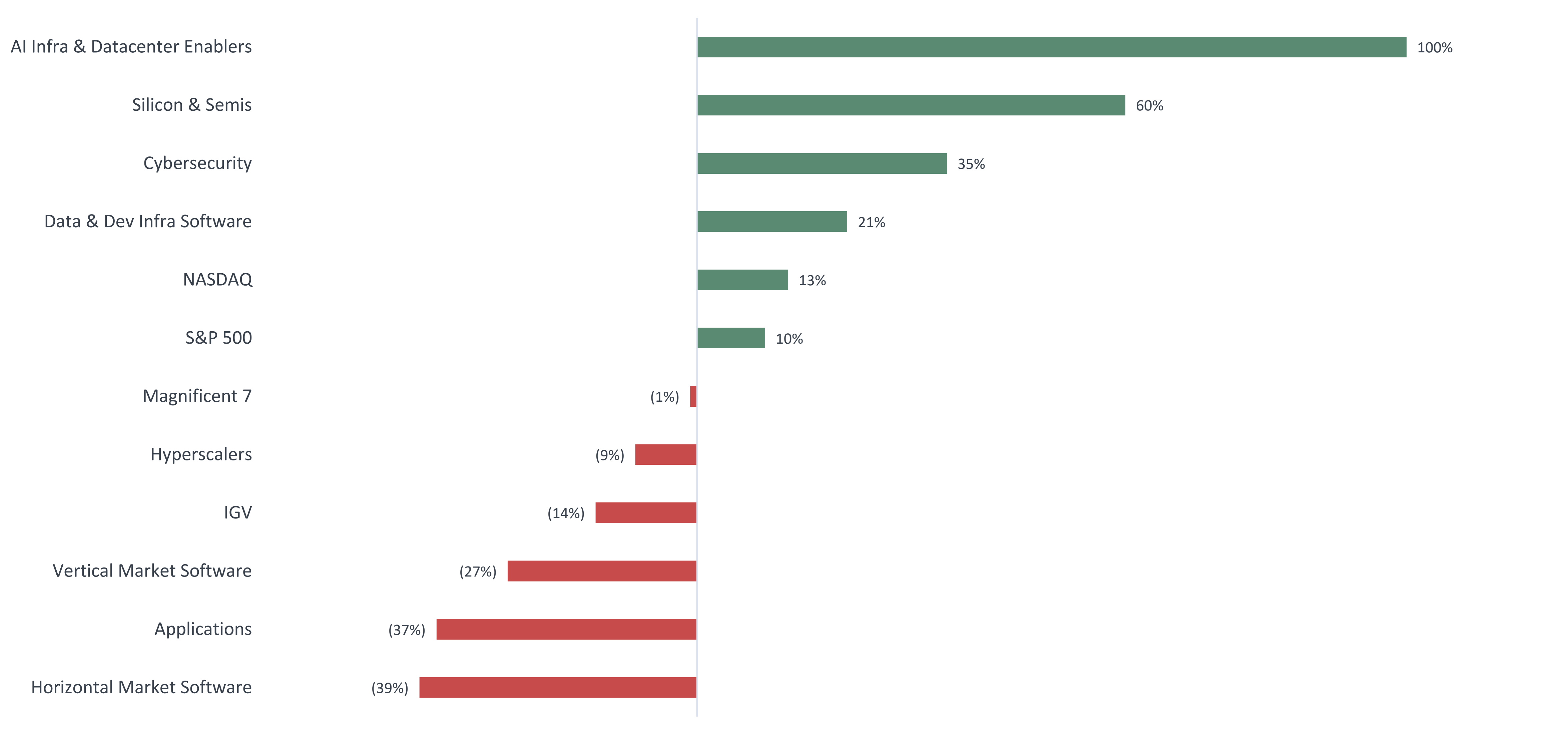
Since 2022, horizontal software has been the stronger performer, up 25% against 8% for vertical software, and horizontal led the recovery decisively in 2023 before the two tracked each other through 2024. The relative resilience of vertical software is a recent development, and it aligns with where AI 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.

The market has not found a winner in application software, but it has sorted the segment by perceived replaceability.

	Since 2022	2023	2024	2025	Q1 2026	Q2 2026	2026 YTD
Vertical Market Software	8%	36%	25%	(14%)	(22%)	**(5%)**	**(27%)**
Horizontal Market Software	25%	61%	23%	4%	(27%)	**(17%)**	**(39%)**

Source: FactSet, as of June 30, 2026
Notes: Prices rebased as of December 31, 2022. See appendix for index constituents. Indices are weighted by market capitalization.

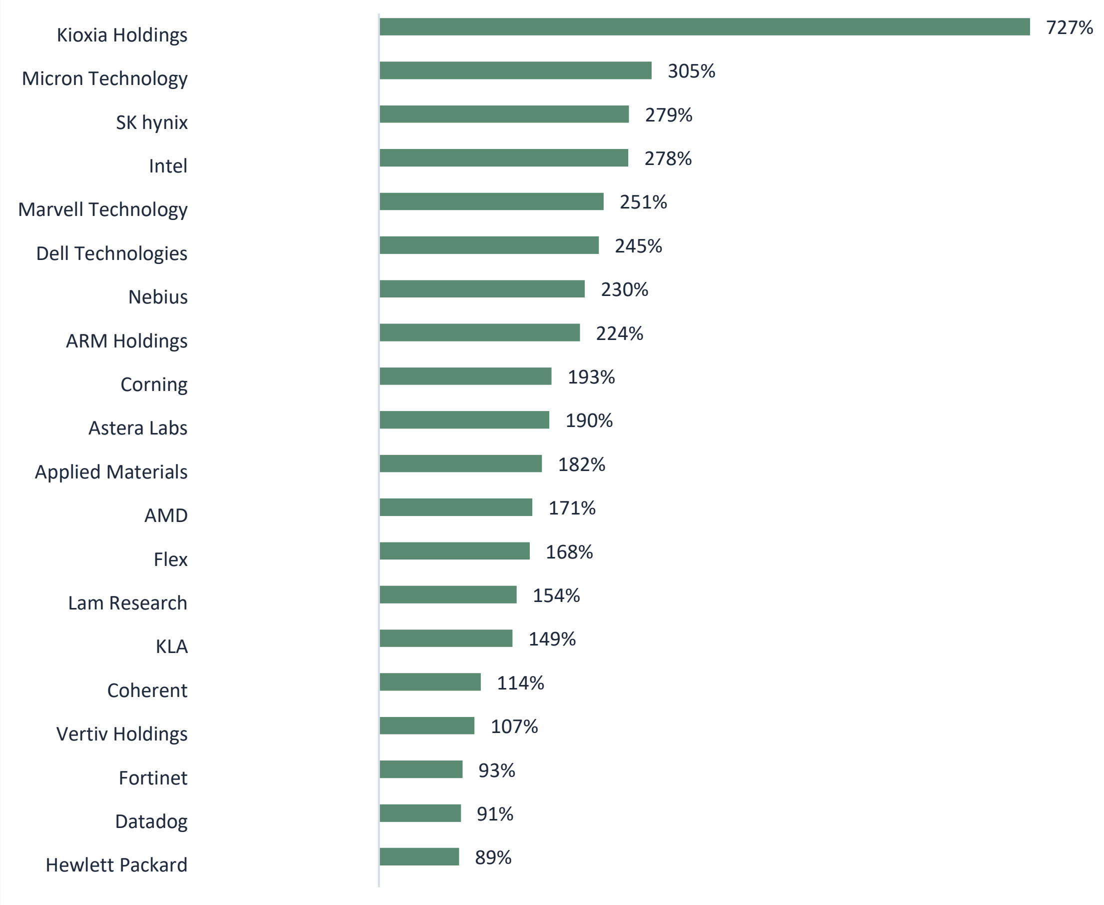
YTD Momentum (Equity Returns)



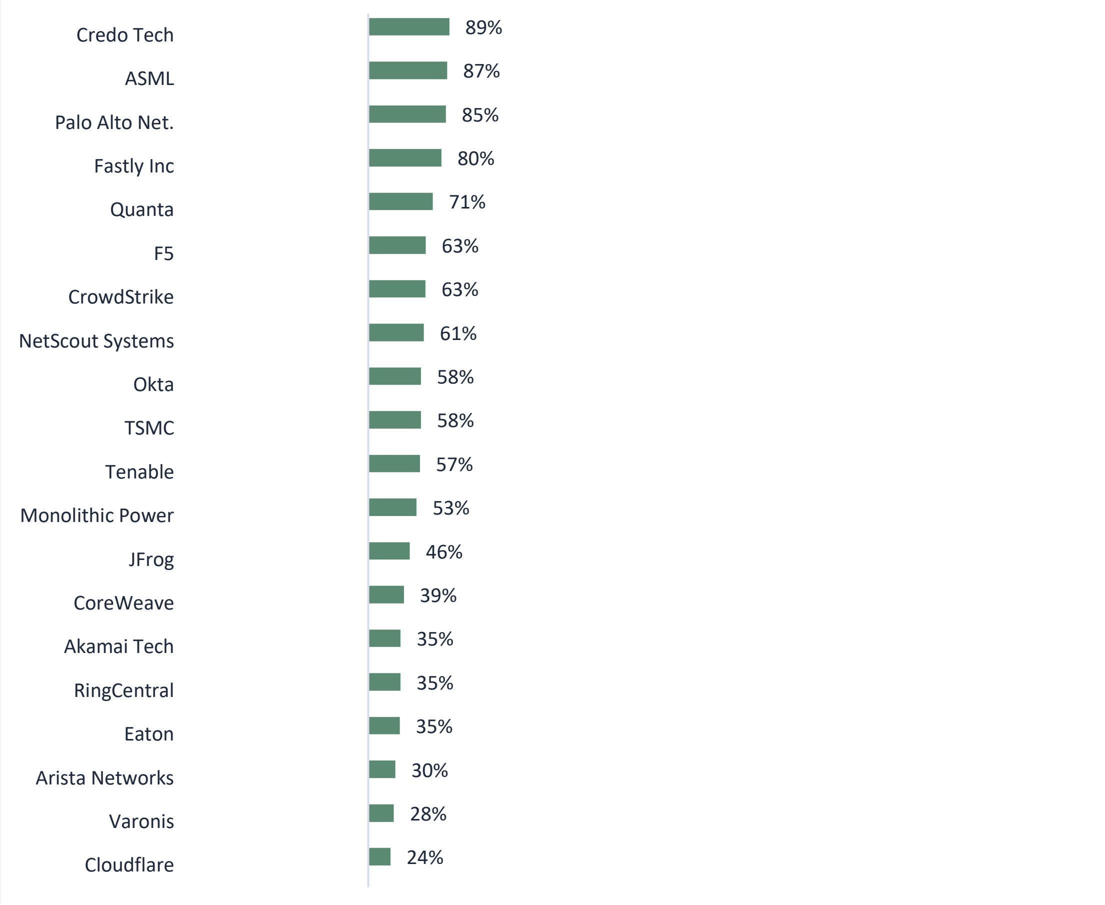
Source: FactSet, as of June 30, 2026.
Note: See appendix for index constituents.

YTD Equity Returns

2026 YTD Equity Returns



2026 YTD Equity Returns



Source: FactSet, as of June 30, 2026.
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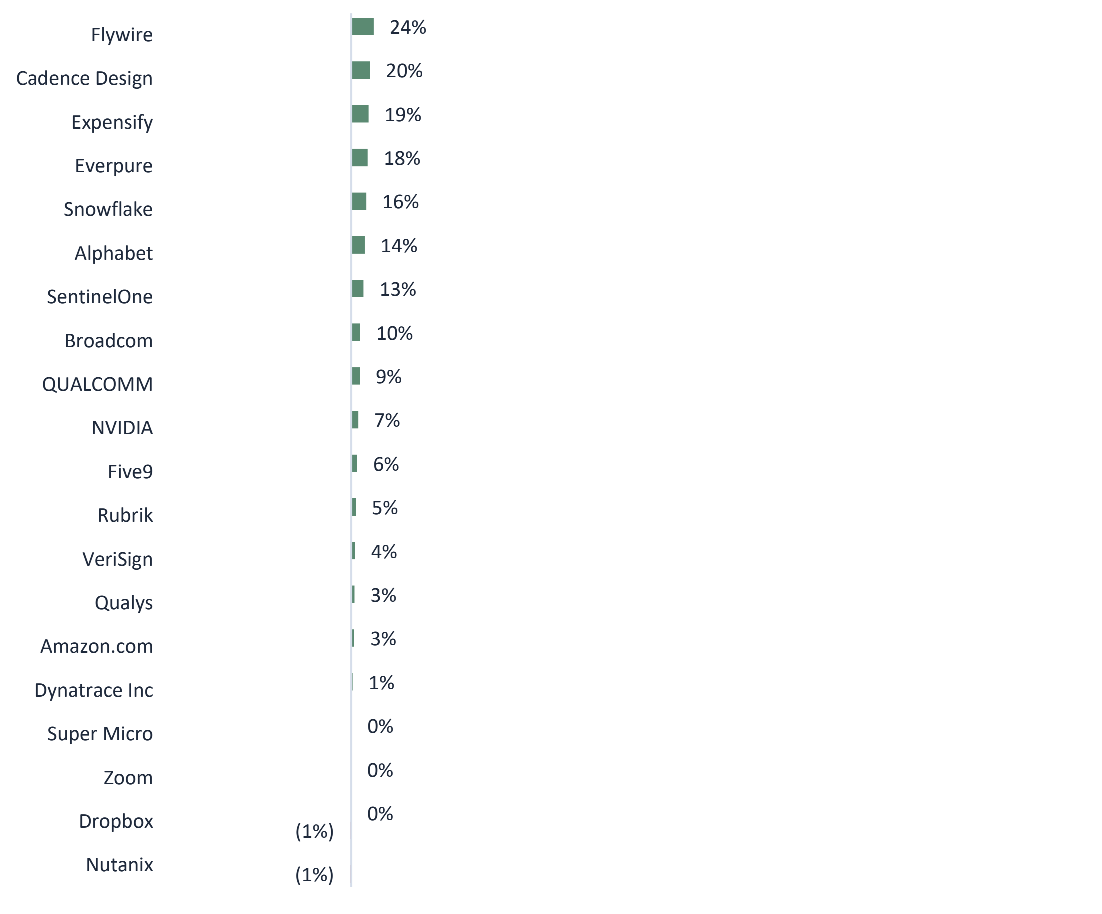
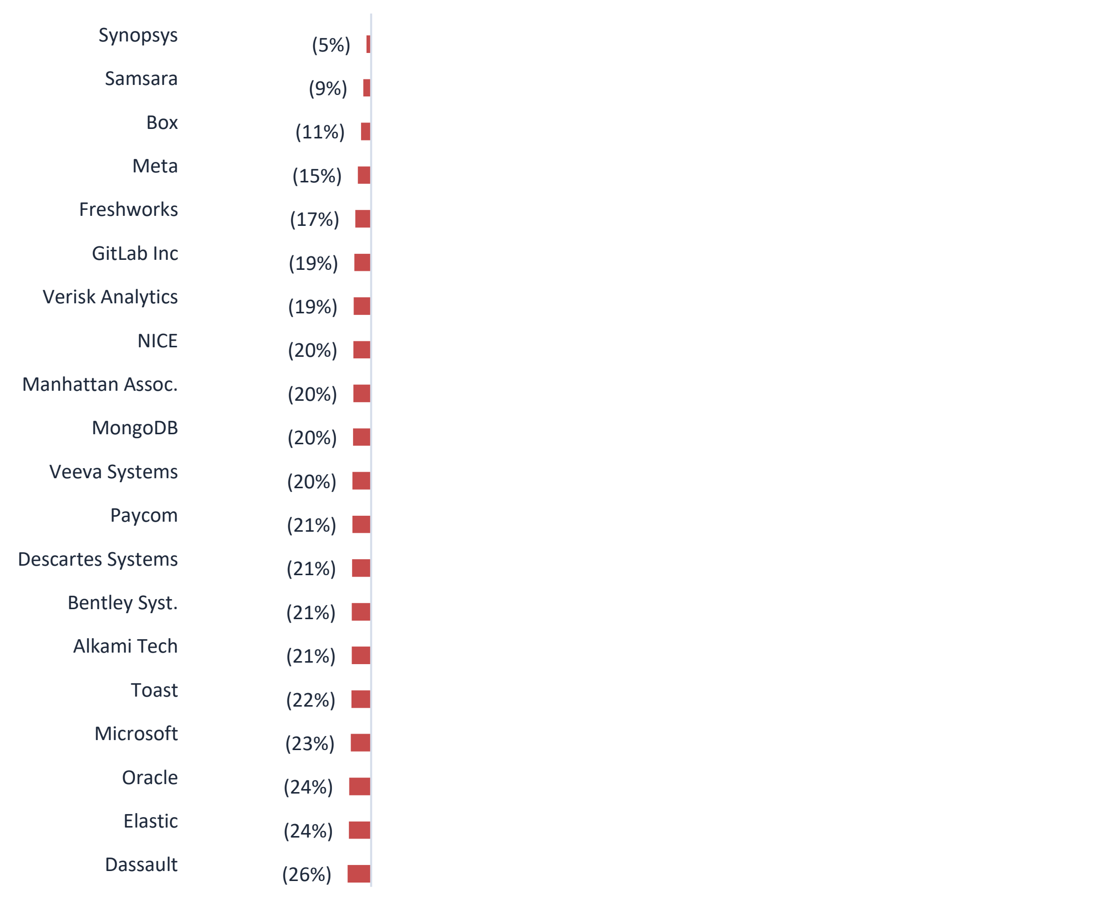
YTD Equity Returns

2026 YTD Equity Returns



2026 YTD Equity Returns



Source: FactSet, as of June 30, 2026.
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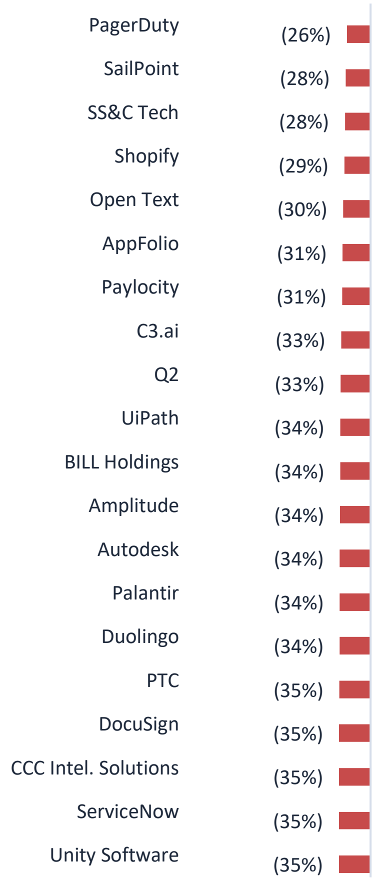
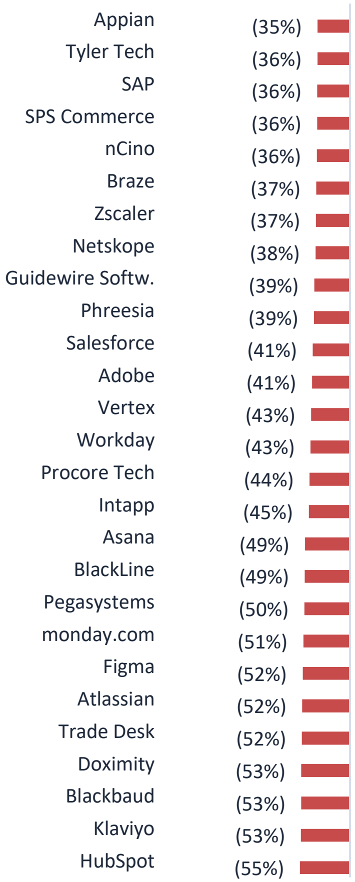
YTD Equity Returns

2026 YTD Equity Returns



2026 YTD Equity Returns



Source: FactSet, as of June 30, 2026.
Past performance is not indicative or a guarantee of future results.

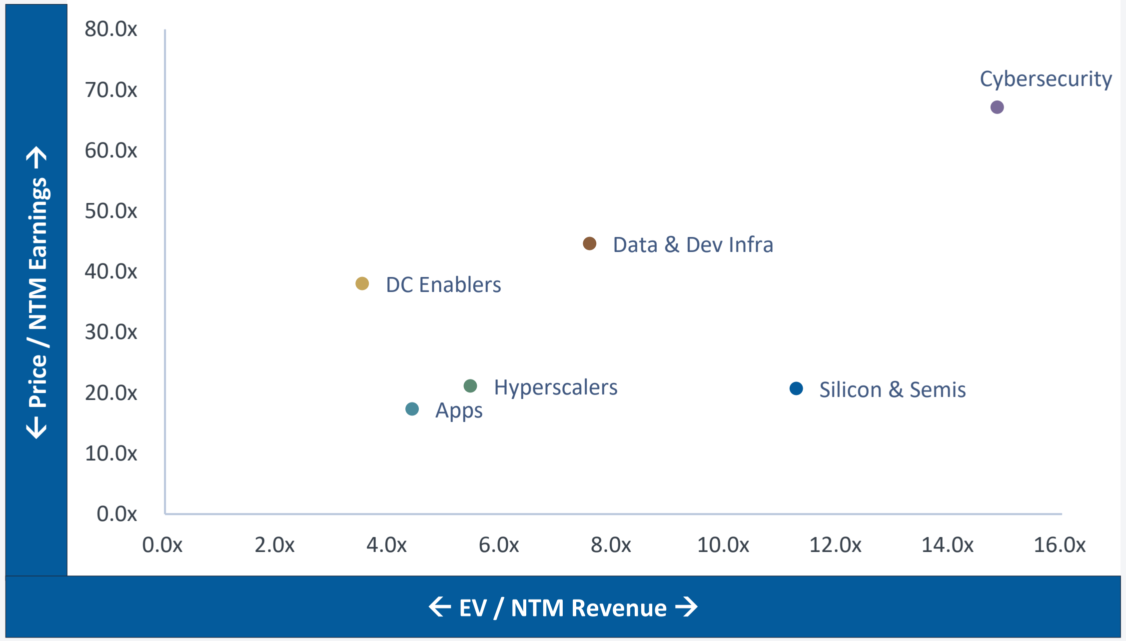
Public Trading Multiples

Trading Multiples

Applications have fallen to the lowest earnings multiple in the stack while cybersecurity re-rated 60%+ in the quarter, both on essentially unchanged growth expectations. Lower down the stack, semis and datacenter enablers are moving on estimates over multiples.

Silicon & semis carry the second-richest revenue multiple at 11.3x yet, despite a 60% Q2 rally, trade below their three-year average on earnings against 82% forward earnings growth. The rally is fundamentally driven, with valuations struggling to keep pace with rising estimates, perhaps suggesting investors view the growth as cyclical. Datacenter enablers are the mirror image: the cheapest segment on revenue at 3.5x and among the richest on earnings at 38.0x. Cybersecurity is the most expensive on both axes.

The mechanics differ by layer. The 2026 software repricing, applications down and cybersecurity up, has occurred on multiples, while the infrastructure repricing is estimate-led: outright at semis, where multiples lag estimates, and alongside multiple expansion at the datacenter enablers, which have returned 100% YTD. The following pages break out each series.

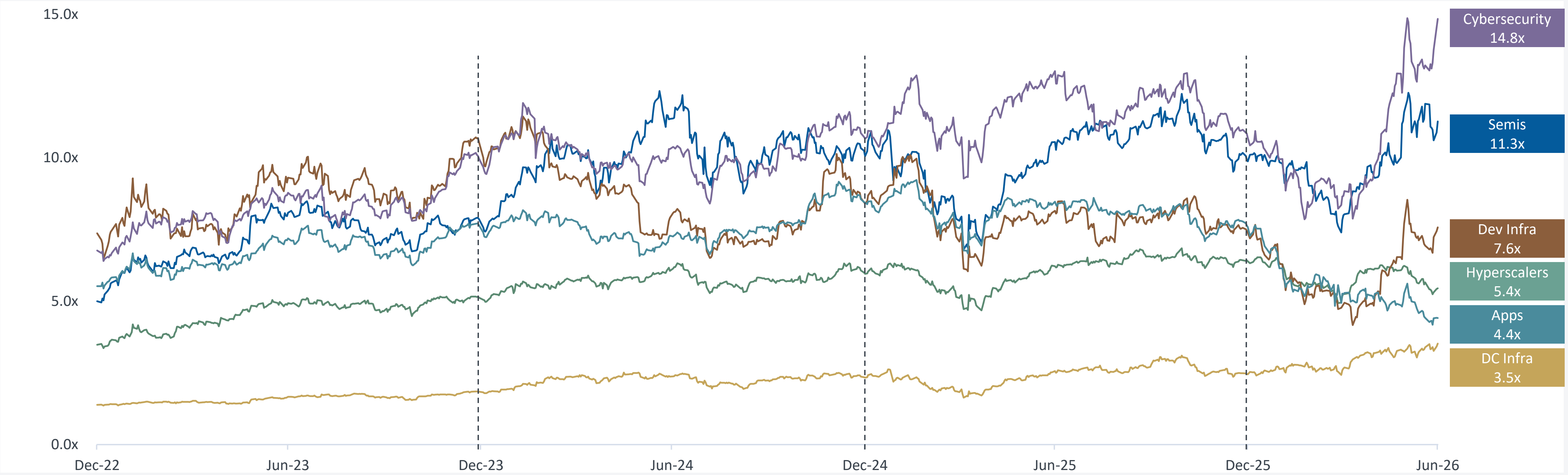


	Revenue Multiple				P/E Multiple			
	3-Yr Avg	1-Yr Avg	3-Mo Avg	Current	3-Yr Avg	1-Yr Avg	3-Mo Avg	Current
Silicon & Semis	9.6x	10.3x	10.1x	**11.3x**	26.5x	24.8x	20.4x	**20.7x**
DC Enablers	2.3x	2.8x	3.2x	**3.5x**	24.6x	30.6x	35.9x	**38.0x**
Hyperscalers	5.7x	6.2x	5.8x	**5.4x**	27.4x	26.3x	23.4x	**21.1x**
Data & Dev Infra	8.0x	6.9x	6.0x	**7.6x**	53.1x	43.0x	36.4x	**44.6x**
Cybersecurity	10.4x	11.1x	11.3x	**14.8x**	49.6x	51.5x	52.2x	**67.2x**
Applications	7.4x	7.0x	5.1x	**4.4x**	30.6x	27.2x	19.9x	**17.3x**

Source: FactSet, as of June 30, 2026

NTM Revenue Multiples

Application software, which carried a premium to the infrastructure layers of the stack four years ago, has de-rated more than 40% YTD on essentially unchanged forward growth, the only software segment to compress through the Q2 recovery. Cybersecurity has re-rated to the richest multiple in the stack, 14.8x against a 10.4x three-year average.

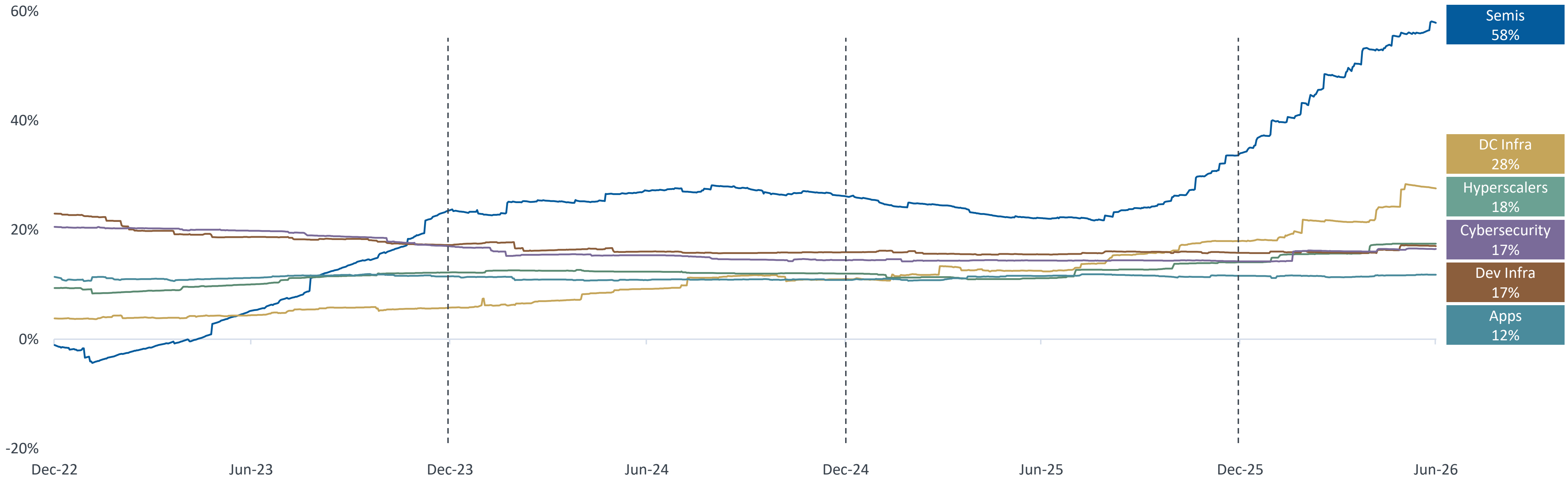


	Averages			
	3-Year	1-Year	3-Month	Current
Silicon & Semis	9.6x	10.3x	10.1x	**11.3x**
AI Infra & Datacenter Enablers	2.3x	2.8x	3.2x	**3.5x**
Hyperscalers	5.7x	6.2x	5.8x	**5.4x**
Data & Dev Infra Software	8.0x	6.9x	6.0x	**7.6x**
Cybersecurity	10.4x	11.1x	11.3x	**14.8x**
Applications	7.4x	7.0x	5.1x	**4.4x**

Source: FactSet, as of June 30, 2026

NTM Revenue Growth

Rising estimates reflect expectations for better AI monetization: with growing agentic access, compute has inflected upward again, with semis at 58% against a 27% three-year average, followed to a lesser degree by datacenter enablers (28%) and the hyperscalers, where the revenue inflection is visible (18% vs. a 13% three-year average) but earnings expectations have barely moved. Forward growth in dev infra, cybersecurity, and applications sits within a point of three-year averages: the AI uplift bulls expect is not in software estimates yet, and neither is the disruption bears fear.

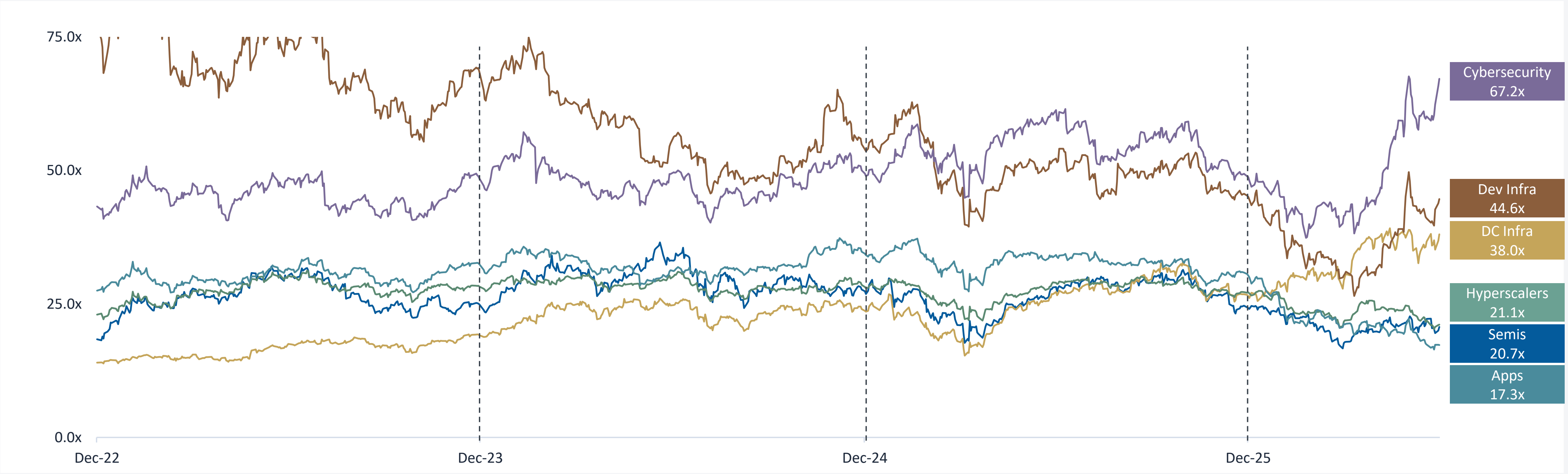


	Averages			
	3-Year	1-Year	3-Month	Current
Silicon & Semis	26.9%	36.1%	53.4%	**57.9%**
AI Infra & Datacenter Enablers	12.2%	18.7%	24.4%	**27.6%**
Hyperscalers	12.7%	14.4%	16.8%	**17.5%**
Data & Dev Infra Software	16.4%	16.0%	16.4%	**17.0%**
Cybersecurity	15.6%	15.1%	16.3%	**16.5%**
Applications	11.3%	11.6%	11.6%	**11.8%**

Source: FactSet, as of June 30, 2026.

NTM Earnings Multiples

Cybersecurity's move is pure multiple expansion, a 60%+ multiple re-rating in the quarter on largely unchanged earnings growth expectations. The prevailing thesis is that agent adoption expands the attack surface. Data & dev infra round-tripped from 45x to 27x and back without meaningful changes to the underlying estimates.

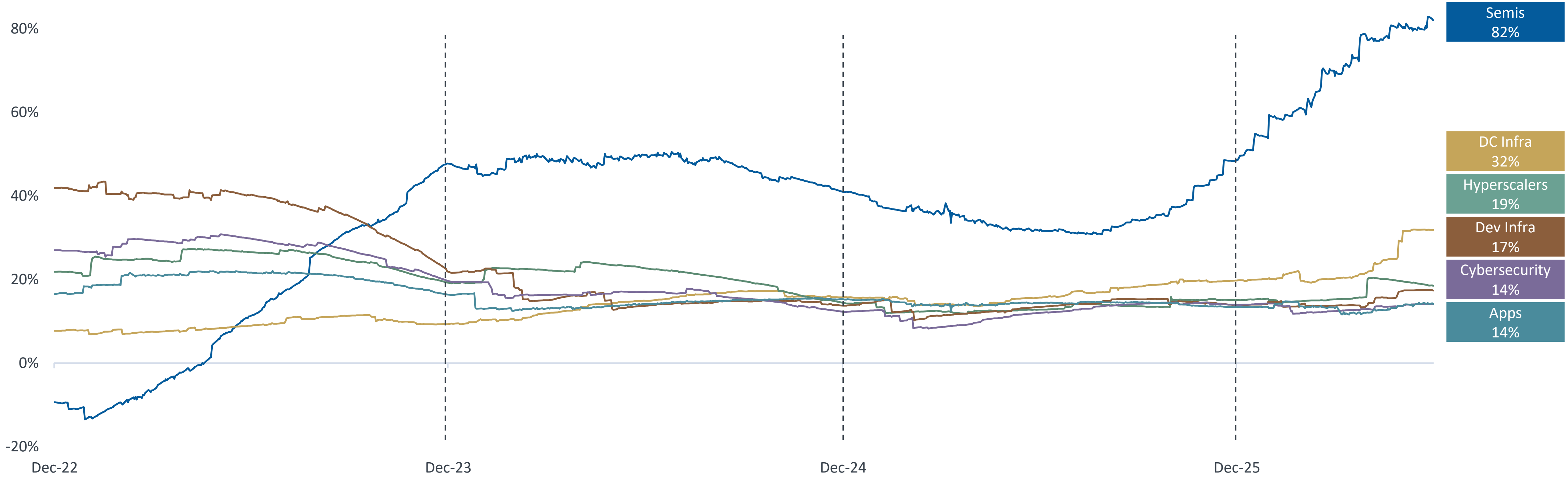


	Averages			
	3-Year	1-Year	3-Month	Current
Silicon & Semis	26.5x	24.8x	20.4x	**20.7x**
AI Infra & Datacenter Enablers	24.6x	30.6x	35.9x	**38.0x**
Hyperscalers	27.4x	26.3x	23.4x	**21.1x**
Data & Dev Infra Software	53.1x	43.0x	36.4x	**44.6x**
Cybersecurity	49.6x	51.5x	52.2x	**67.2x**
Applications	30.6x	27.2x	19.9x	**17.3x**

Source: FactSet, as of June 30, 2026. *Note: Data & Dev Infra P/E exceeds axis maximum in early 2023 due to minimal early earnings; comparison only meaningful more recently. Cybersecurity and Data & Dev carry the richest P/Es, but both rest on thin earnings.*

NTM Earnings Growth

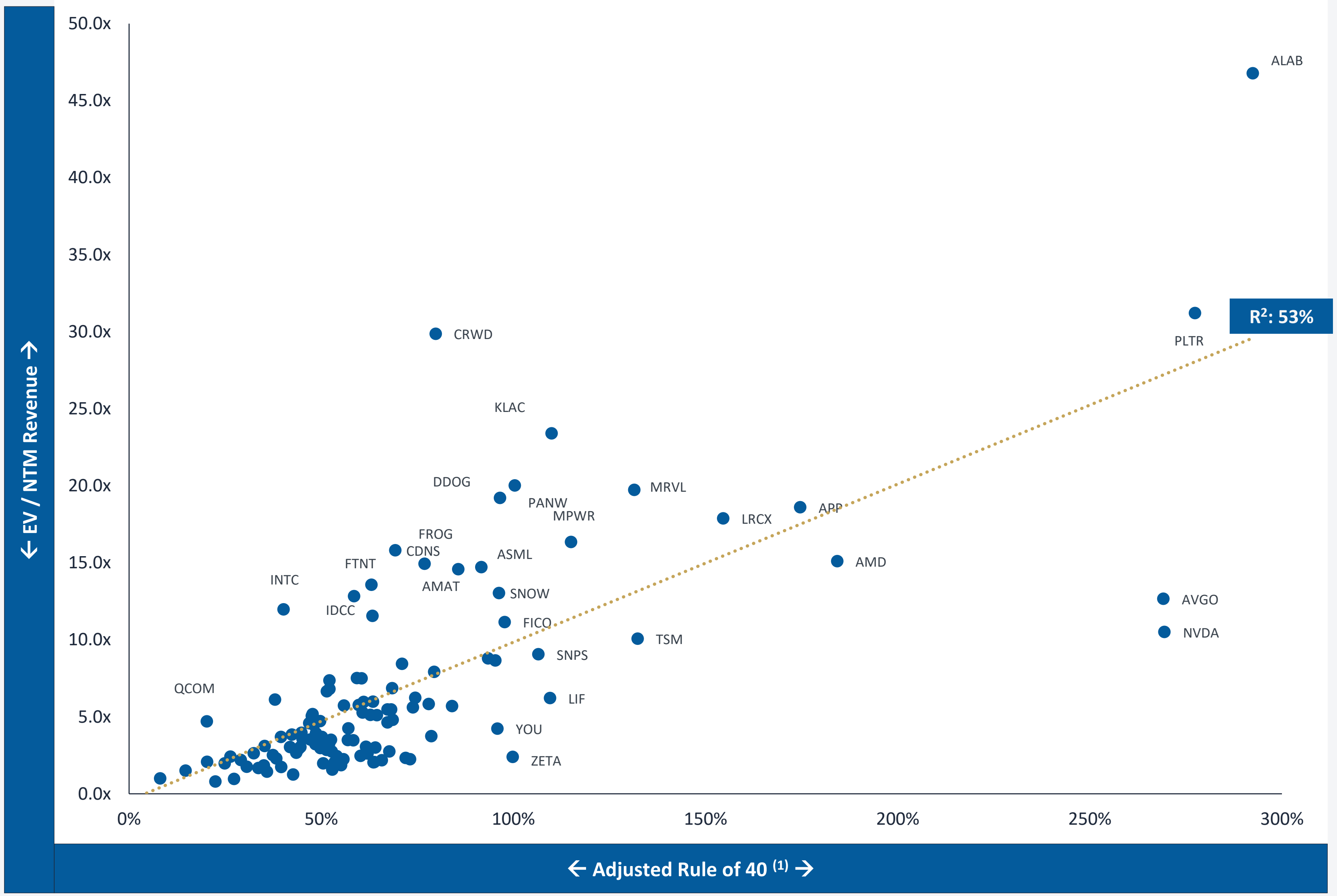
Semiconductor forward earnings growth has accelerated from a 44% three-year average to 82%, with most of the move arriving since the agent demand inflection of late 2025; datacenter enablers from 16% to 32% on similar drivers. Projected EPS growth converged into a tight band through 2023-24, signaling investors had difficulty differentiating the beneficiaries and disruptees of AI. Like returns and multiples, it is now dispersing again as investors form a clearer view of the future.



	Averages			
	3-Year	1-Year	3-Month	Current
Silicon & Semis	44.0%	51.9%	77.2%	**82.0%**
AI Infra & Datacenter Enablers	15.7%	20.5%	25.5%	**31.9%**
Hyperscalers	18.2%	15.3%	18.2%	**18.5%**
Data & Dev Infra Software	17.9%	14.6%	15.5%	**17.4%**
Cybersecurity	16.0%	13.5%	13.3%	**14.1%**
Applications	15.1%	13.8%	13.0%	**14.1%**

Source: FactSet, as of June 30, 2026.

Adjusted Rule of 40



A growth-weighted Rule of 40 explains 53% of the variation in revenue multiples across 119 names.

In our multi-factor analysis, we see that revenue growth is currently twice as important as the FCF margin in explaining the best fit, so we weight revenue growth 2x that of FCF Margin in the adjusted Rule of 40 analysis.

Revenue multiples plotted against an Adj. R40 (revenue growth plus free-cash-flow margin, growth weighted 2.0x) produces a strong positive fit. Growth remains the most important driver of valuation, but the balance with profitability has increased since the growth-at-all-costs regime of last cycle's 2021 peak.

Some of the largest AI winners, e.g. Nvidia and Broadcom, sit well below the line, trading at 11x and 13x revenue against a fit that, on their Rule-of-40 scores, would imply more than double that.

The premium beyond what Rule of 40 explains concentrates in the semiconductor toolchain, the equipment and design-software names from KLA to Cadence that the market rewards for capturing the buildout at high margin, and in security software, where CrowdStrike and Palo Alto trade far above the line on durable platform spend. Within the broader software group, the names that scale with usage rather than seat count, e.g. Datadog and Snowflake, hold a modest edge over per-seat application software.

Source: FactSet as of June 30, 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: BB, DSG, LSPD, OTEX, ACIW, ADBE, ADSK, AGYS, ALAB, ALKT, ALRM, AMAT, AMD, APP, APPF, APPN, ASAN, ASML, ATEN, AVGO, AVPT, BILL, BL, BLKB, BOX, BRZE, BSY, CCC, CDNS, CRM, CRWD, CVLT, CXM, DBX, DDOG, DLB, DOCU, DT, DUOL, EA, ESTC, FICO, FIVN, FROG, FRSH, FTNT, GEN, GTLB, GWRE, HUBS, IDCC, INTA, INTC, INTU, IOT, KLAC, KVYO, LIF, LRCX, MANH, MDB, MNDY, MPWR, MRVL, MSFT, NABL, NCNO, NOW, NTNX, NVDA, OKTA, 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, U, 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%	$4,842,178	$4,795,236	81%	43%	67%	69%	50%	51%	131%	94%	12.8x	8.9x	18.9x	13.0x	26.0x	18.3x	23.4x	16.5x
TSMC	100%	$1,961,829	$2,406,583	37%	28%	73%	73%	29%	31%	65%	59%	11.5x	9.0x	15.7x	12.3x	47.3x	37.3x	30.3x	23.9x
Broadcom	76%	$1,797,176	$1,849,218	65%	55%	68%	69%	49%	54%	113%	109%	16.2x	10.4x	23.7x	15.2x	32.5x	18.6x	29.3x	18.6x
Micron Tech	92%	$1,303,647	$1,299,377	147%	54%	86%	88%	45%	52%	193%	106%	7.7x	5.0x	9.0x	5.7x	17.1x	9.3x	11.5x	7.3x
SK hynix	88%	$1,219,042	$1,190,327	262%	48%	83%	85%	43%	54%	304%	102%	5.3x	3.6x	6.4x	4.2x	11.9x	7.4x	8.3x	5.7x
AMD	99%	$947,232	$938,396	43%	55%	27%	34%	17%	23%	60%	77%	19.2x	12.4x	71.7x	36.6x	114.5x	60.5x	79.1x	45.2x
ASML	99%	$763,904	$760,232	17%	24%	39%	44%	22%	30%	39%	54%	16.5x	13.3x	41.7x	30.2x	74.6x	45.6x	53.1x	39.7x
Intel	98%	$701,780	$727,199	10%	11%	33%	38%	(0%)	7%	10%	18%	12.6x	11.4x	37.8x	29.6x	--	436.3x	128.1x	90.1x
Applied Materials	98%	$574,033	$572,712	19%	26%	35%	37%	18%	24%	37%	50%	16.5x	13.1x	47.7x	35.4x	97.5x	56.4x	55.7x	41.5x
Lam Research	99%	$541,910	$540,880	29%	23%	39%	40%	26%	29%	55%	52%	20.3x	16.6x	52.4x	41.0x	79.2x	56.3x	63.3x	49.3x
KLA	98%	$394,116	$395,553	19%	20%	47%	48%	35%	35%	54%	55%	26.1x	21.7x	55.4x	45.3x	78.5x	63.8x	68.9x	54.4x
ARM Holdings	78%	$377,262	$374,153	22%	31%	48%	49%	26%	32%	48%	63%	65.5x	50.2x	137.0x	101.8x	230.6x	151.7x	171.6x	125.7x
Kioxia Holdings	79%	$301,964	$306,245	258%	43%	79%	85%	42%	52%	300%	95%	6.4x	4.5x	8.1x	5.3x	14.8x	8.5x	11.8x	7.7x
Marvell Tech.	90%	$260,594	$263,228	40%	44%	40%	42%	23%	27%	64%	71%	23.9x	16.6x	60.0x	40.0x	102.7x	61.5x	75.8x	49.9x
QUALCOMM	71%	$194,769	$201,164	(2%)	5%	34%	33%	26%	24%	24%	30%	4.8x	4.5x	13.8x	13.7x	18.2x	18.2x	17.2x	16.2x
Cadence Design	90%	$103,519	$105,057	17%	13%	47%	48%	27%	32%	45%	44%	16.8x	14.9x	36.0x	30.8x	60.1x	45.6x	47.4x	39.9x
Synopsys	68%	$85,413	$94,058	31%	11%	43%	44%	21%	25%	53%	36%	9.6x	8.6x	22.2x	19.6x	40.8x	32.3x	29.4x	25.1x
Astera Labs	97%	$82,793	$81,588	81%	40%	39%	42%	29%	37%	110%	77%	56.0x	40.1x	144.1x	95.8x	192.8x	101.6x	161.0x	113.0x
Monolithic Power	81%	$67,915	$66,567	32%	21%	38%	39%	29%	28%	62%	50%	18.1x	14.9x	47.4x	38.0x	76.8x	59.1x	57.9x	46.7x
Cerebras	57%	$61,270	$51,112	--	219%	(6%)	39%	(166%)	(92%)	NA	127%	59.4x	18.6x	--	48.0x	--	--	--	251.1x
Credo Tech	88%	$50,713	$49,140	100%	55%	52%	54%	34%	41%	133%	96%	24.0x	15.5x	46.1x	28.7x	74.0x	41.3x	51.8x	35.2x
Mean [(1)]	**87%**			**65%**	**41%**	**48%**	**52%**	**20%**	**28%**	**95%**	**70%**	**21.4x**	**14.9x**	**44.8x**	**32.9x**	**73.1x**	**66.5x**	**58.7x**	**52.5x**
Median	**90%**			**34%**	**31%**	**43%**	**44%**	**27%**	**31%**	**61%**	**63%**	**16.5x**	**13.1x**	**39.8x**	**30.2x**	**74.0x**	**45.6x**	**52.5x**	**39.9x**

Source: FactSet, as of June 30, 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
Dell Technologies	92%	$279,707	$300,542	46%	17%	11%	12%	7%	7%	53%	24%	1.9x	1.6x	16.6x	13.2x	28.2x	21.9x	24.8x	20.0x
Corning	94%	$219,833	$240,357	15%	18%	29%	29%	11%	12%	27%	30%	12.2x	10.4x	42.7x	36.1x	91.6x	81.1x	80.3x	61.3x
Arista Networks	94%	$213,913	$201,560	28%	23%	47%	46%	47%	39%	75%	63%	17.7x	14.3x	37.3x	30.8x	39.1x	38.2x	46.9x	38.3x
Eaton	98%	$165,462	$186,588	17%	10%	24%	25%	12%	15%	30%	25%	5.8x	5.3x	24.7x	21.3x	43.8x	32.4x	31.9x	27.1x
Vertiv Holdings	88%	$128,607	$129,279	35%	28%	25%	26%	17%	17%	52%	45%	9.6x	7.5x	38.8x	28.6x	59.2x	43.0x	52.3x	38.2x
Quanta	91%	$108,049	$114,097	23%	13%	10%	10%	5%	6%	28%	19%	3.3x	2.9x	32.2x	28.0x	53.6x	46.6x	51.3x	43.6x
Coherent	90%	$77,174	$78,441	28%	33%	26%	29%	0%	8%	29%	41%	9.5x	7.1x	36.8x	24.2x	12243.3x	87.9x	58.0x	40.2x
Nebius	92%	$69,498	$70,318	538%	243%	40%	55%	(558%)	(223%)	(19%)	19%	25.3x	7.4x	63.1x	13.3x	--	--	--	--
Hewlett Packard	70%	$59,735	$76,440	27%	10%	19%	20%	8%	9%	35%	19%	1.8x	1.6x	9.3x	8.2x	--	--	12.9x	11.1x
Flex	97%	$59,381	$61,343	16%	27%	9%	10%	3%	5%	20%	32%	2.0x	1.6x	22.3x	15.5x	37.3x	29.9x	39.3x	25.5x
CoreWeave	60%	$54,306	$85,059	145%	101%	58%	60%	(193%)	(77%)	(47%)	25%	6.8x	3.4x	11.6x	5.6x	--	--	--	--
Everpure	78%	$26,190	$24,832	22%	15%	23%	23%	18%	19%	40%	35%	5.8x	5.1x	25.9x	21.7x	33.7x	28.9x	32.7x	27.0x
Super Micro	47%	$18,973	$25,485	45%	21%	6%	6%	(6%)	2%	39%	22%	0.6x	0.5x	10.6x	8.7x	--	28.7x	10.2x	8.7x
Mean (1)	**84%**			**76%**	**43%**	**25%**	**27%**	**(48%)**	**(12%)**	**28%**	**31%**	**7.9x**	**5.3x**	**28.6x**	**19.6x**	**48.3x**	**43.9x**	**40.1x**	**31.0x**
Median	**91%**			**28%**	**21%**	**24%**	**25%**	**7%**	**8%**	**30%**	**25%**	**5.8x**	**5.1x**	**25.9x**	**21.3x**	**43.8x**	**35.3x**	**39.3x**	**27.1x**

Source: FactSet, as of June 30, 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
Datadog	93%	$92,678	$89,174	26%	20%	24%	26%	26%	27%	53%	47%	21.1x	17.6x	86.6x	69.0x	82.1x	67.3x	108.4x	92.4x
Snowflake	89%	$88,210	$86,921	30%	26%	17%	18%	23%	24%	53%	50%	14.7x	11.7x	86.6x	63.4x	68.4x	48.4x	138.0x	97.4x
MongoDB	76%	$27,017	$24,717	20%	18%	21%	22%	19%	19%	39%	37%	8.6x	7.3x	41.9x	33.6x	53.8x	44.7x	56.2x	46.7x
F5	97%	$23,468	$22,424	7%	7%	37%	37%	29%	30%	37%	37%	6.7x	6.3x	18.2x	17.0x	19.4x	19.6x	24.8x	22.9x
Atlassian	35%	$19,741	$20,010	19%	15%	30%	29%	25%	29%	44%	44%	2.9x	2.5x	9.9x	8.7x	10.8x	8.8x	13.3x	11.4x
Nutanix	62%	$13,776	$13,255	12%	13%	25%	27%	28%	29%	40%	42%	4.7x	4.2x	18.7x	15.8x	17.9x	15.3x	25.1x	21.9x
Dynatrace Inc	76%	$12,799	$11,930	16%	15%	31%	31%	26%	27%	42%	41%	5.5x	4.8x	17.9x	15.3x	22.3x	19.4x	23.3x	20.3x
JFrog	98%	$11,007	$10,285	19%	17%	20%	21%	24%	26%	42%	42%	16.2x	13.9x	80.0x	65.4x	77.3x	61.8x	95.7x	82.2x
Elastic	59%	$5,927	$5,313	15%	14%	19%	20%	21%	22%	36%	37%	2.8x	2.4x	15.1x	12.1x	15.8x	12.9x	18.8x	15.8x
UiPath	55%	$5,632	$4,266	11%	8%	25%	26%	24%	25%	34%	33%	2.6x	2.4x	10.1x	9.0x	14.0x	11.8x	13.9x	12.0x
GitLab Inc	58%	$5,157	$3,941	17%	16%	13%	14%	20%	21%	37%	36%	3.5x	3.0x	26.2x	21.1x	22.4x	18.4x	37.1x	30.5x
NetScout Systems	99%	$3,114	$2,484	5%	4%	28%	28%	27%	26%	31%	30%	2.9x	2.8x	10.4x	9.8x	13.6x	13.5x	16.3x	15.6x
PagerDuty	54%	$744	$700	0%	2%	28%	30%	19%	22%	19%	24%	1.5x	1.5x	5.3x	5.0x	7.0x	6.0x	7.5x	6.9x
Mean [1]	**73%**			**15%**	**13%**	**24%**	**25%**	**24%**	**25%**	**39%**	**39%**	**7.2x**	**6.2x**	**32.8x**	**26.6x**	**32.7x**	**26.8x**	**44.5x**	**36.6x**
Median	**76%**			**16%**	**15%**	**25%**	**26%**	**24%**	**26%**	**39%**	**37%**	**4.7x**	**4.2x**	**18.2x**	**15.8x**	**19.4x**	**18.4x**	**24.8x**	**21.9x**

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%	$4,318,356	$4,297,754	21%	19%	47%	49%	4%	3%	24%	22%	8.9x	7.5x	18.8x	15.2x	236.7x	239.0x	25.0x	24.6x
Microsoft	67%	$2,770,955	$2,818,326	17%	17%	62%	64%	14%	12%	31%	29%	7.9x	6.7x	12.8x	10.5x	47.0x	39.8x	20.6x	17.7x
Amazon.com	86%	$2,563,849	$2,643,991	15%	13%	26%	28%	(2%)	1%	13%	15%	3.2x	2.9x	12.7x	10.1x	--	--	26.6x	23.8x
Meta	71%	$1,429,868	$1,434,879	26%	19%	57%	58%	(1%)	(2%)	25%	17%	5.7x	4.8x	10.0x	8.4x	--	--	17.1x	16.2x
Oracle	42%	$422,133	$550,607	27%	41%	56%	56%	(47%)	(38%)	(20%)	3%	7.0x	5.0x	12.5x	8.9x	--	--	18.6x	15.2x
Mean [1]	**71%**			**21%**	**22%**	**50%**	**51%**	**(6%)**	**(5%)**	**15%**	**17%**	**6.6x**	**5.4x**	**13.4x**	**10.6x**	**47.0x**	**39.8x**	**21.6x**	**19.5x**
Median	**71%**			**21%**	**19%**	**56%**	**56%**	**(1%)**	**1%**	**24%**	**17%**	**7.0x**	**5.0x**	**12.7x**	**10.1x**	**141.9x**	**139.4x**	**20.6x**	**17.7x**

Source: FactSet, as of June 30, 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.	100%	$277,931	$273,081	22%	17%	31%	32%	38%	39%	60%	56%	21.9x	18.7x	71.4x	59.0x	57.8x	50.6x	87.4x	78.6x
CrowdStrike	97%	$194,269	$189,882	23%	22%	30%	32%	30%	32%	53%	54%	33.1x	27.2x	111.1x	86.0x	112.5x	88.7x	158.4x	125.4x
Fortinet	97%	$112,549	$109,959	15%	11%	37%	37%	34%	34%	48%	44%	14.3x	12.9x	39.0x	35.3x	43.7x	40.3x	48.9x	45.2x
Cloudflare	89%	$87,105	$86,025	30%	27%	24%	26%	13%	15%	43%	42%	30.5x	24.0x	129.0x	93.5x	247.8x	165.2x	204.4x	160.3x
Okta	96%	$23,716	$21,794	10%	9%	27%	28%	28%	29%	37%	38%	7.0x	6.4x	25.7x	23.0x	28.6x	25.5x	35.8x	32.3x
VeriSign	81%	$22,892	$24,155	5%	7%	75%	74%	57%	59%	62%	66%	14.0x	13.0x	18.7x	17.5x	--	--	26.3x	23.2x
Zscaler	42%	$22,825	$21,177	21%	17%	27%	28%	23%	24%	44%	41%	5.9x	5.1x	21.6x	18.0x	29.0x	24.5x	32.7x	28.6x
Akamai Tech	71%	$17,186	$22,143	7%	11%	39%	40%	(5%)	12%	2%	23%	5.0x	4.6x	12.8x	11.4x	--	23.8x	17.6x	16.6x
Rubrik	80%	$16,524	$16,015	26%	22%	4%	6%	18%	20%	44%	43%	9.7x	8.0x	267.7x	127.3x	61.3x	44.9x	293.3x	133.4x
SailPoint	61%	$8,304	$7,961	19%	18%	20%	21%	15%	19%	34%	37%	6.3x	5.3x	32.2x	25.0x	45.3x	31.9x	46.6x	37.2x
SentinelOne	79%	$5,817	$5,159	20%	18%	15%	16%	8%	13%	28%	31%	4.3x	3.6x	29.0x	22.1x	67.7x	32.3x	50.3x	35.5x
Qualys	88%	$4,842	$4,445	8%	7%	44%	45%	41%	41%	49%	49%	6.2x	5.8x	13.9x	13.0x	16.2x	14.5x	18.2x	16.5x
Varonis	66%	$4,818	$4,554	18%	18%	3%	7%	14%	18%	32%	37%	6.3x	5.3x	224.1x	74.9x	53.8x	34.7x	349.7x	113.4x
Netskope	39%	$4,419	$4,013	--	22%	(6%)	3%	3%	7%	NA	29%	4.6x	3.8x	--	115.3x	158.2x	71.8x	--	3630.1x
Tenable	99%	$4,067	$4,287	7%	7%	26%	26%	25%	26%	32%	33%	4.1x	3.8x	16.1x	14.5x	16.2x	14.1x	18.9x	17.1x
Fastly Inc	53%	$2,873	$2,938	15%	11%	16%	17%	6%	8%	21%	19%	4.0x	3.6x	25.9x	21.0x	68.0x	63.3x	55.6x	47.1x
Mean (1)	**77%**			**16%**	**15%**	**26%**	**27%**	**22%**	**25%**	**39%**	**40%**	**11.1x**	**9.4x**	**69.2x**	**47.3x**	**71.9x**	**48.4x**	**96.3x**	**60.7x**
Median	**80%**			**18%**	**17%**	**26%**	**27%**	**21%**	**22%**	**43%**	**39%**	**6.3x**	**5.5x**	**29.0x**	**24.0x**	**55.8x**	**34.7x**	**48.9x**	**41.2x**

Source: FactSet, as of June 30, 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	56%	$279,694	$271,956	71%	45%	60%	62%	56%	57%	127%	102%	38.1x	26.3x	63.1x	42.2x	67.4x	43.4x	81.0x	57.1x
SAP	49%	$188,210	$178,457	7%	12%	32%	33%	25%	26%	32%	37%	3.8x	3.4x	11.7x	10.2x	15.4x	13.4x	18.3x	15.7x
Shopify	63%	$148,411	$142,959	28%	24%	18%	19%	17%	19%	45%	42%	9.7x	7.8x	52.7x	41.7x	58.3x	44.7x	62.0x	50.7x
Salesforce	57%	$128,305	$136,451	11%	10%	42%	40%	33%	33%	44%	42%	3.7x	3.3x	8.7x	8.3x	8.9x	8.1x	11.2x	10.2x
Adobe	52%	$81,495	$81,569	11%	9%	48%	47%	40%	40%	51%	48%	3.1x	2.9x	6.6x	6.1x	7.7x	7.0x	8.3x	7.4x
Intuit	32%	$71,393	$75,497	13%	12%	43%	44%	36%	35%	48%	46%	3.2x	2.9x	7.5x	6.6x	9.3x	8.5x	10.3x	9.0x
Autodesk	59%	$41,023	$41,160	14%	10%	41%	42%	34%	34%	48%	45%	5.1x	4.6x	12.3x	10.9x	15.0x	13.2x	15.7x	13.9x
Workday	49%	$30,238	$28,853	12%	11%	34%	35%	30%	31%	41%	42%	2.9x	2.6x	8.5x	7.5x	9.9x	8.6x	11.6x	9.8x
Veeva Systems	57%	$28,829	$22,452	14%	12%	45%	45%	43%	43%	57%	55%	6.2x	5.5x	13.7x	12.2x	18.9x	16.7x	19.8x	17.9x
Dassault	53%	$27,331	$24,045	2%	5%	36%	36%	25%	25%	26%	30%	3.4x	3.2x	9.5x	8.9x	14.9x	14.3x	13.3x	12.6x
Zoom	75%	$25,309	$17,562	4%	4%	43%	43%	34%	36%	39%	40%	3.6x	3.5x	8.3x	8.0x	15.1x	14.1x	14.4x	13.9x
Verisk Analytics	57%	$23,522	$27,622	5%	7%	56%	57%	34%	34%	38%	41%	8.8x	8.2x	15.6x	14.5x	21.8x	19.5x	23.4x	20.6x
Samsara	68%	$18,956	$18,130	25%	20%	22%	22%	14%	15%	38%	35%	9.3x	7.7x	43.0x	34.4x	70.5x	53.8x	46.5x	36.9x
Toast	56%	$16,136	$14,383	20%	18%	11%	12%	10%	11%	30%	29%	2.0x	1.7x	18.7x	14.5x	22.3x	19.1x	20.6x	16.5x
SS&C Tech	68%	$14,944	$19,569	8%	5%	40%	40%	24%	26%	32%	31%	3.0x	2.8x	7.5x	7.0x	--	--	9.0x	8.3x
PTC	52%	$13,123	$14,063	1%	6%	49%	49%	32%	36%	33%	42%	5.2x	4.9x	10.7x	10.0x	14.8x	12.3x	13.8x	12.7x
Unity Software	55%	$12,476	$12,916	16%	14%	28%	31%	26%	29%	41%	43%	6.0x	5.3x	21.8x	17.0x	22.2x	27.1x	--	46.7x
Tyler Tech	47%	$12,332	$12,116	10%	10%	29%	30%	27%	28%	37%	38%	4.8x	4.4x	16.6x	14.7x	17.8x	14.9x	22.6x	19.7x
Guidewire Softw.	45%	$10,245	$10,031	19%	15%	25%	28%	24%	26%	43%	41%	6.7x	5.8x	27.2x	20.6x	27.6x	22.5x	32.6x	26.4x
Figma	13%	$9,558	$7,927	35%	22%	10%	11%	11%	12%	46%	34%	5.5x	4.5x	53.6x	41.7x	139.2x	150.8x	64.6x	52.5x
HubSpot	32%	$9,348	$8,038	18%	16%	25%	25%	20%	21%	39%	37%	2.2x	1.9x	8.9x	7.5x	12.6x	10.6x	13.9x	11.7x
Bentley Syst.	50%	$9,080	$10,135	13%	10%	36%	37%	31%	32%	45%	43%	6.3x	5.7x	17.4x	15.5x	17.5x	15.7x	21.8x	19.2x
Trade Desk	20%	$8,500	$7,533	10%	10%	40%	41%	25%	23%	35%	34%	2.4x	2.2x	6.0x	5.4x	10.6x	11.0x	17.6x	15.2x
DocuSign	51%	$8,482	$7,894	9%	8%	35%	35%	33%	33%	41%	41%	2.3x	2.2x	6.7x	6.2x	7.7x	6.7x	9.9x	8.8x
Manhattan Assoc.	56%	$8,239	$8,068	7%	9%	36%	36%	33%	33%	40%	42%	7.1x	6.5x	19.9x	18.1x	21.2x	20.0x	26.0x	23.3x
Dropbox	85%	$6,182	$9,046	(1%)	(0%)	46%	46%	37%	39%	37%	38%	3.7x	3.7x	8.0x	8.0x	6.5x	5.7x	8.9x	7.7x
Procore Tech	49%	$6,129	$5,611	14%	13%	25%	27%	19%	21%	33%	34%	3.7x	3.3x	14.8x	12.2x	21.8x	17.1x	25.7x	19.3x
Paycom	50%	$5,986	$6,466	7%	7%	44%	44%	22%	23%	29%	29%	3.2x	3.0x	7.3x	6.8x	11.5x	9.5x	11.5x	10.5x
Descartes Systems	64%	$5,933	$5,599	11%	11%	46%	47%	37%	38%	48%	49%	7.1x	6.4x	15.2x	13.5x	20.4x	18.0x	30.3x	25.9x
AppFolio	49%	$5,670	$5,555	18%	17%	29%	30%	24%	25%	42%	42%	5.0x	4.3x	17.6x	14.1x	22.1x	18.2x	23.6x	19.8x

Source: FactSet, as of June 30, 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
Paylocity	53%	$5,597	$5,431	9%	8%	36%	37%	25%	25%	34%	33%	3.0x	2.8x	8.3x	7.6x	12.6x	11.4x	12.5x	11.5x
Open Text	56%	$5,369	$10,523	1%	1%	36%	36%	17%	20%	18%	21%	2.0x	2.0x	5.7x	5.5x	6.0x	5.0x	5.1x	4.7x
Duolingo	25%	$5,359	$4,234	16%	13%	26%	26%	29%	32%	46%	46%	3.7x	3.3x	14.4x	12.5x	--	--	42.1x	35.5x
NICE	52%	$5,263	$5,266	8%	10%	29%	29%	19%	19%	27%	29%	1.6x	1.5x	5.6x	5.1x	9.8x	7.0x	8.2x	7.2x
Pegasystems	44%	$5,008	$4,654	14%	13%	31%	32%	29%	29%	43%	42%	2.5x	2.2x	7.9x	6.8x	9.3x	8.2x	11.0x	9.7x
Klaviyo	41%	$4,519	$3,700	23%	19%	17%	17%	16%	17%	39%	36%	2.5x	2.1x	14.9x	12.1x	18.6x	15.0x	17.8x	14.6x
Doximity	27%	$3,793	$3,058	6%	5%	51%	49%	45%	46%	51%	51%	5.1x	4.8x	10.1x	9.8x	13.4x	13.0x	14.2x	13.5x
monday.com	23%	$3,704	$2,669	19%	16%	14%	16%	19%	21%	39%	37%	1.7x	1.5x	12.2x	8.9x	12.3x	10.1x	16.3x	13.2x
Box	78%	$3,677	$4,219	9%	8%	31%	32%	28%	29%	37%	37%	3.4x	3.1x	10.9x	9.7x	9.5x	9.1x	17.1x	14.9x
BILL Holdings	63%	$3,601	$3,203	12%	13%	23%	26%	23%	25%	35%	37%	2.1x	1.9x	9.3x	7.3x	9.5x	7.4x	12.1x	9.8x
RingCentral	78%	$3,269	$4,606	5%	4%	27%	27%	23%	23%	27%	28%	1.8x	1.7x	6.7x	6.3x	5.7x	5.4x	7.9x	7.2x
CCC Intel. Solutions	49%	$3,029	$4,374	10%	9%	42%	42%	29%	30%	38%	39%	3.9x	3.5x	9.2x	8.4x	--	--	12.0x	10.3x
Q2	51%	$3,011	$2,977	11%	10%	27%	29%	25%	26%	36%	36%	3.7x	3.3x	13.3x	11.4x	14.7x	12.9x	16.7x	14.4x
Freshworks	65%	$2,909	$2,082	15%	14%	24%	27%	28%	28%	42%	42%	2.2x	1.9x	9.2x	7.3x	10.8x	9.5x	16.3x	12.8x
Braze	58%	$2,443	$2,095	22%	17%	9%	12%	10%	12%	32%	29%	2.4x	2.0x	25.4x	16.5x	29.3x	21.0x	35.6x	23.0x
Flywire	97%	$2,168	$1,843	24%	16%	23%	24%	16%	18%	40%	33%	2.6x	2.2x	11.4x	9.1x	--	--	41.9x	28.5x
SPS Commerce	40%	$2,099	$1,965	6%	7%	33%	35%	22%	22%	29%	29%	2.5x	2.3x	7.5x	6.8x	11.5x	9.6x	12.1x	11.0x
Intapp	49%	$1,943	$1,813	14%	14%	22%	25%	23%	23%	37%	37%	3.0x	2.7x	13.7x	10.8x	14.8x	12.7x	18.0x	14.3x
Alkami Tech	59%	$1,939	$2,220	19%	17%	18%	21%	11%	15%	31%	32%	4.2x	3.6x	22.9x	16.7x	--	--	22.9x	16.8x
Vertex	31%	$1,858	$1,929	11%	11%	25%	28%	12%	19%	23%	30%	2.3x	2.1x	9.4x	7.4x	18.2x	11.5x	14.2x	11.4x
nCino	48%	$1,791	$1,982	8%	9%	27%	29%	21%	23%	29%	32%	3.2x	2.9x	11.8x	10.0x	13.3x	10.6x	13.1x	11.2x
Appian	50%	$1,681	$1,773	14%	10%	12%	14%	10%	12%	24%	22%	2.2x	2.0x	17.6x	14.3x	20.1x	15.9x	22.9x	18.5x
BlackLine	47%	$1,647	$1,855	10%	11%	29%	31%	20%	23%	30%	33%	2.8x	2.5x	9.7x	8.3x	12.4x	11.1x	11.4x	10.0x
Five9	72%	$1,632	$1,709	10%	10%	24%	25%	14%	16%	24%	26%	1.5x	1.4x	6.3x	5.4x	9.3x	8.2x	6.5x	5.6x
Asana	45%	$1,614	$1,452	9%	8%	12%	14%	13%	16%	22%	24%	1.7x	1.6x	14.0x	11.5x	--	--	19.4x	15.2x
C3.ai	30%	$1,413	$729	(21%)	3%	(67%)	(42%)	(57%)	(32%)	(78%)	(28%)	3.3x	3.2x	--	--	--	--	--	--
Blackbaud	40%	$1,361	$2,105	4%	4%	37%	38%	24%	25%	29%	29%	1.8x	1.7x	4.9x	4.6x	4.6x	4.1x	5.7x	5.0x
Amplitude	53%	$1,015	$842	17%	16%	3%	6%	5%	6%	21%	22%	2.1x	1.8x	61.7x	29.6x	--	--	153.0x	58.8x
Phreesia	31%	$636	$664	8%	5%	25%	27%	15%	19%	23%	24%	1.3x	1.2x	5.2x	4.5x	7.9x	6.2x	28.1x	17.1x
Expensify	68%	$173	$92	(5%)	(2%)	17%	18%	6%	7%	0%	5%	0.6x	0.7x	3.8x	3.7x	17.9x	17.9x	25.6x	44.8x
Mean [(1)]	**52%**			**12%**	**11%**	**29%**	**30%**	**23%**	**25%**	**35%**	**36%**	**4.2x**	**3.7x**	**15.3x**	**12.2x**	**19.6x**	**17.1x**	**22.9x**	**18.5x**
Median	**51%**			**11%**	**10%**	**29%**	**30%**	**24%**	**25%**	**37%**	**37%**	**3.2x**	**2.9x**	**10.9x**	**9.7x**	**14.7x**	**12.5x**	**16.5x**	**14.3x**

Source: FactSet, as of June 30, 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	$132,259	$186,290	$146,852	$198,473	$75,587	$739,461
2027	$159,557	$242,404	$183,327	$223,602	$90,209	$899,098
2028	$149,865	$262,010	$197,751	$224,336	$88,488	$922,450

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	$252,943	$486,661	$356,848	$824,389	$80,346	$2,001,187
2027	$301,892	$581,490	$418,036	$933,132	$113,082	$2,347,631
2028	$350,541	$680,550	$494,622	$1,065,563	$159,119	$2,750,395

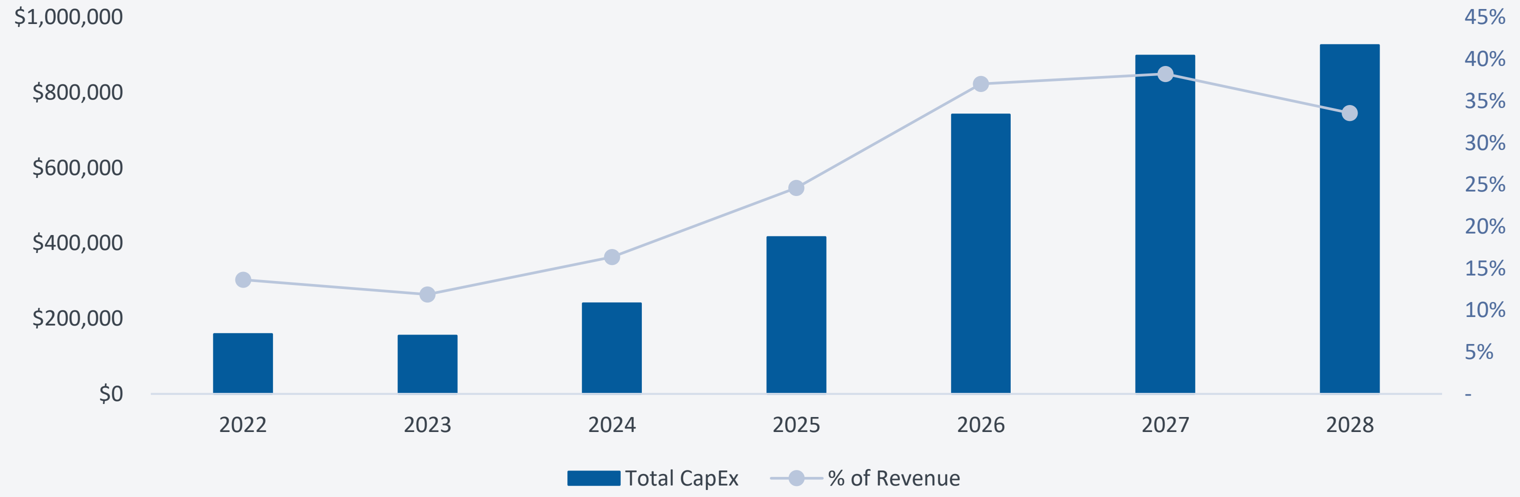
CapEx % of Revenue

	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	52%	38%	41%	24%	94%	37%
2027	53%	42%	44%	24%	80%	38%
2028	43%	38%	40%	21%	56%	34%

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	90%	104%	77%	51%	90%	78%
2027	21%	30%	25%	13%	19%	22%
2028	(6%)	8%	8%	0%	(2%)	3%

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

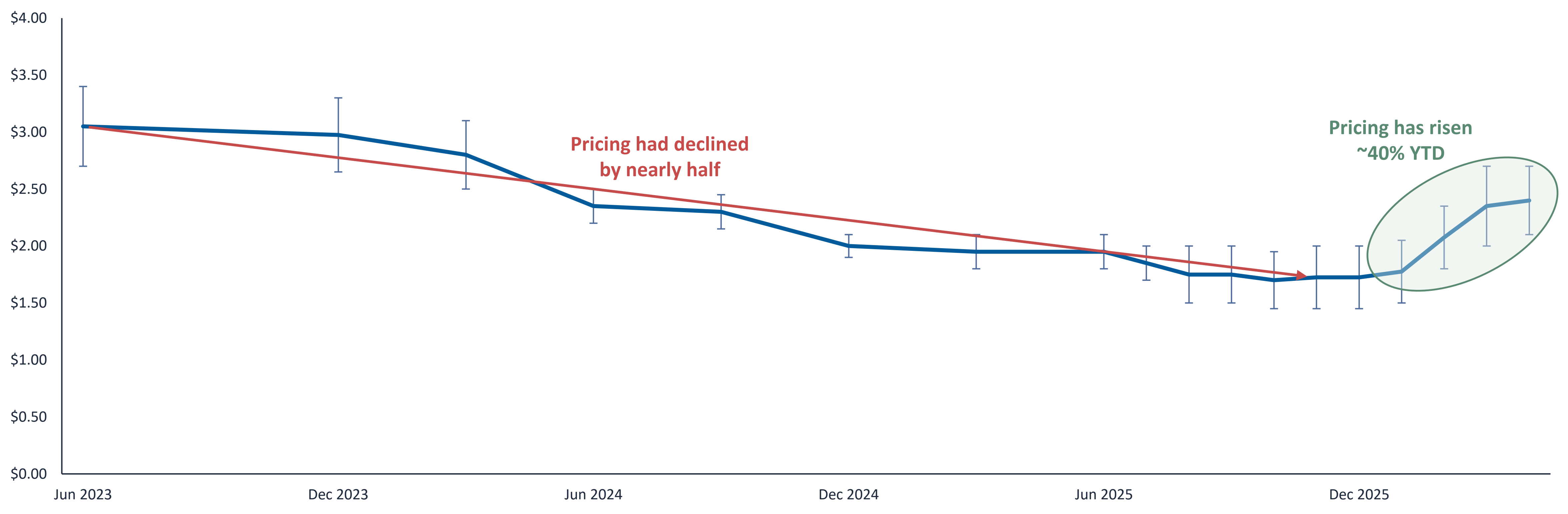


Source: FactSet, as of July 5, 2026

GPU Rental Pricing

GPU rental pricing had declined nearly 50% from 2023 to its trough at the end of 2025, before rebounding nearly 40% in the YTD period through April 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 5, 2026 (link). Pricing through April 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 $50B
Chinese model provider; Builds open-weight models priced far below Western labs.

Safe Superintelligence $32B
Research-only lab pursuing safe superintelligence, no commercial product until then.

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 $61B
Defense tech building AI-powered autonomous systems.

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

AI Infrastructure & Data

Databricks $134B
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 $5B
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.

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

ElevenLabs $11B
Voice and audio AI: text-to-speech, voice cloning, dubbing, and conversational 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 June 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

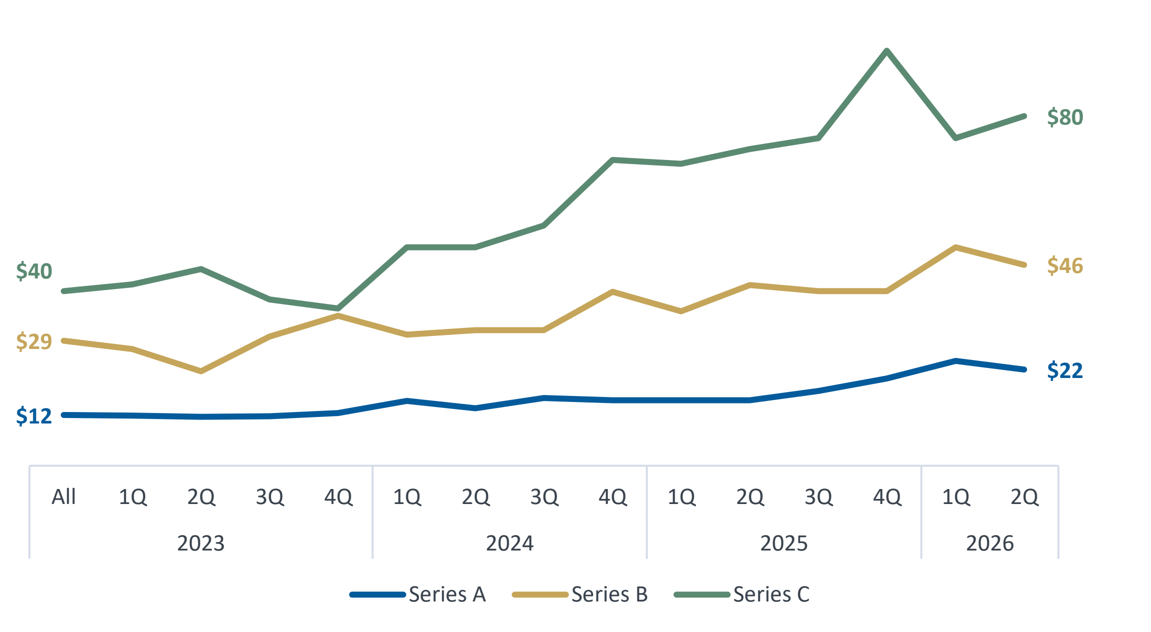
The price of participating in AI keeps climbing. Series A step-ups hit record highs while Series C cools for a fourth straight quarter.

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 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

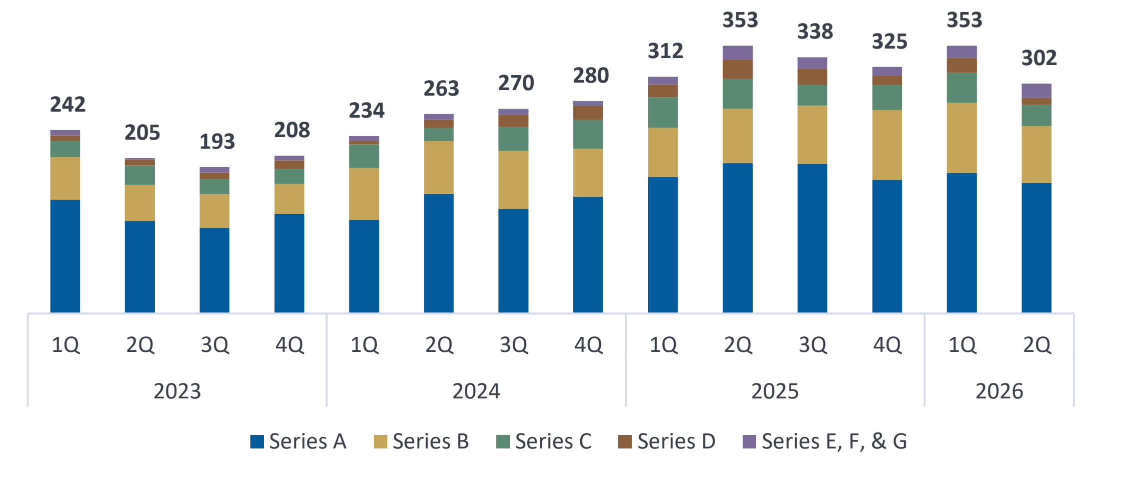
AI Capital Formation: Deal Flow

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.

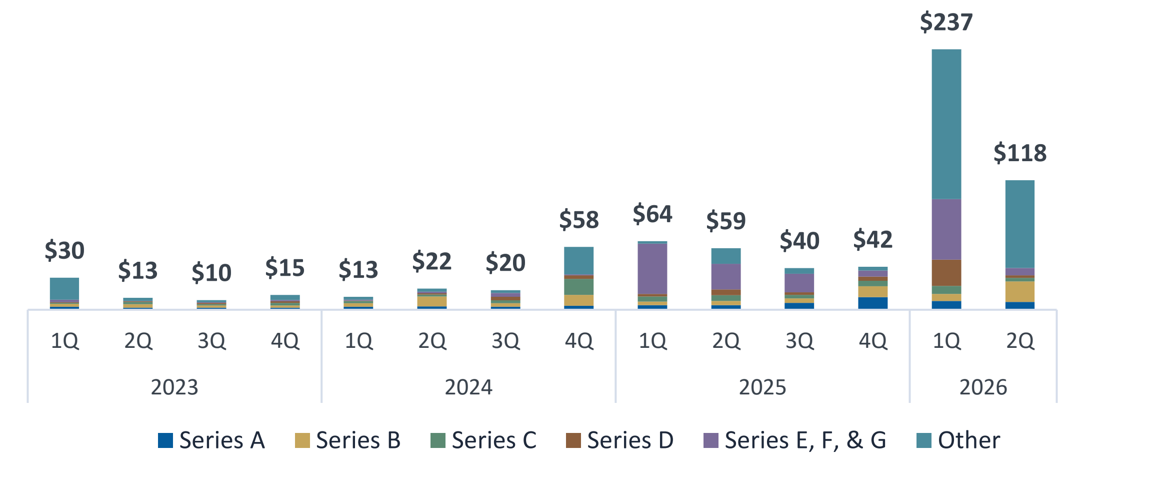
The late-stage dollar spikes trace to a handful of identifiable mega-rounds. The $110bn OpenAI raise in Q1 2026 alone surpassed typical quarterly venture funding activity, and additional mega-rounds (Anthropic $30bn, xAI $20bn, Waymo, and Databricks $5bn) propelled the quarter to $237bn. Anthropic's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

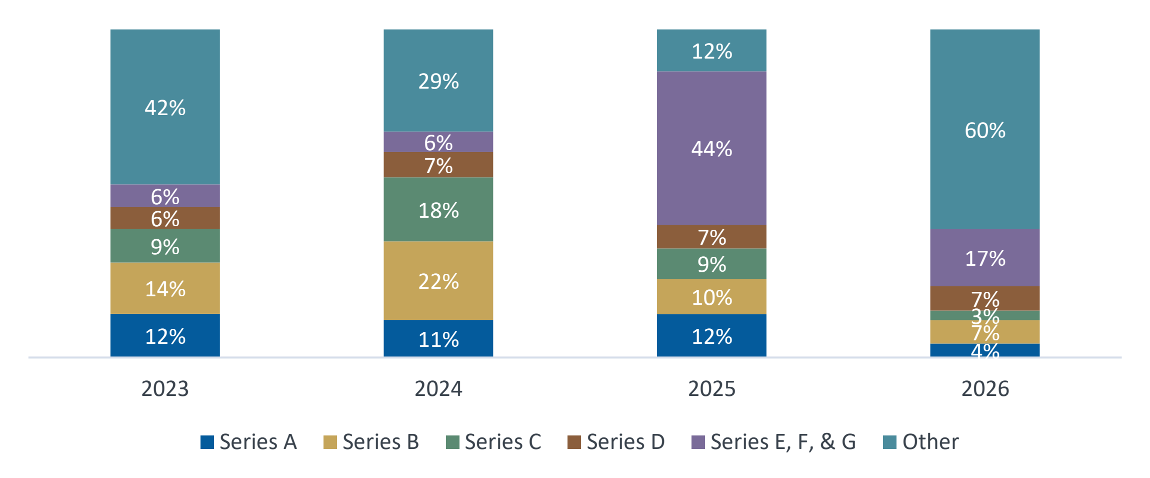
Deal Count by Stage



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.

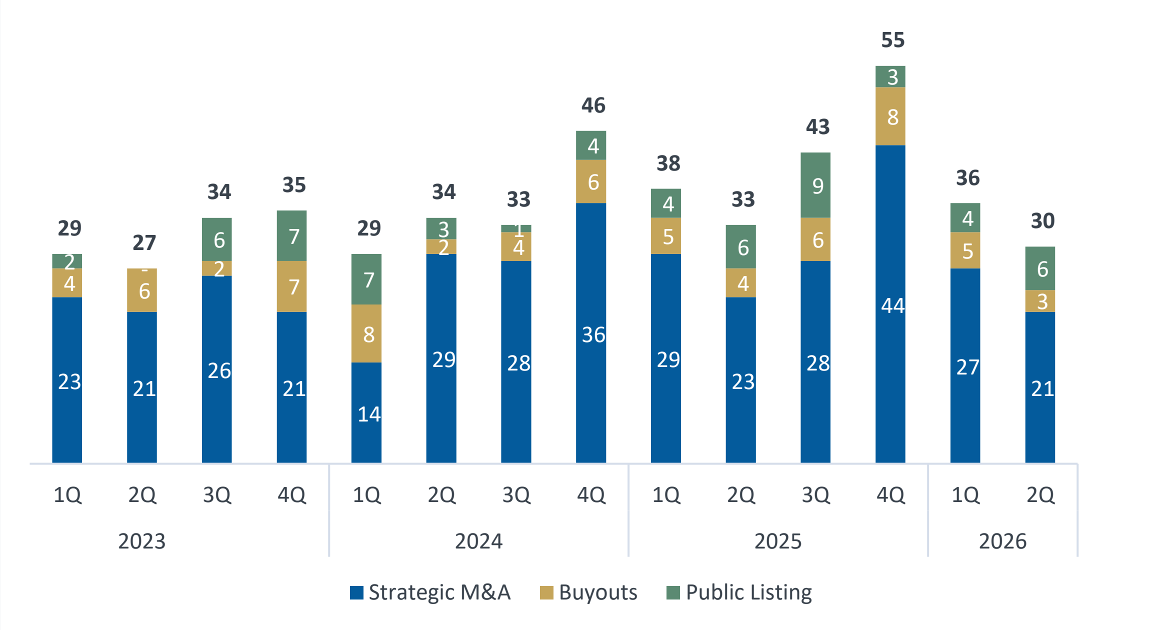
Exit Environment

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 and, while the IPO window has gradually reopened with 22 public listings in 2025 vs. 45 during the 2021 peak, but has now accelerated with the SpaceX IPO, the largest ever.

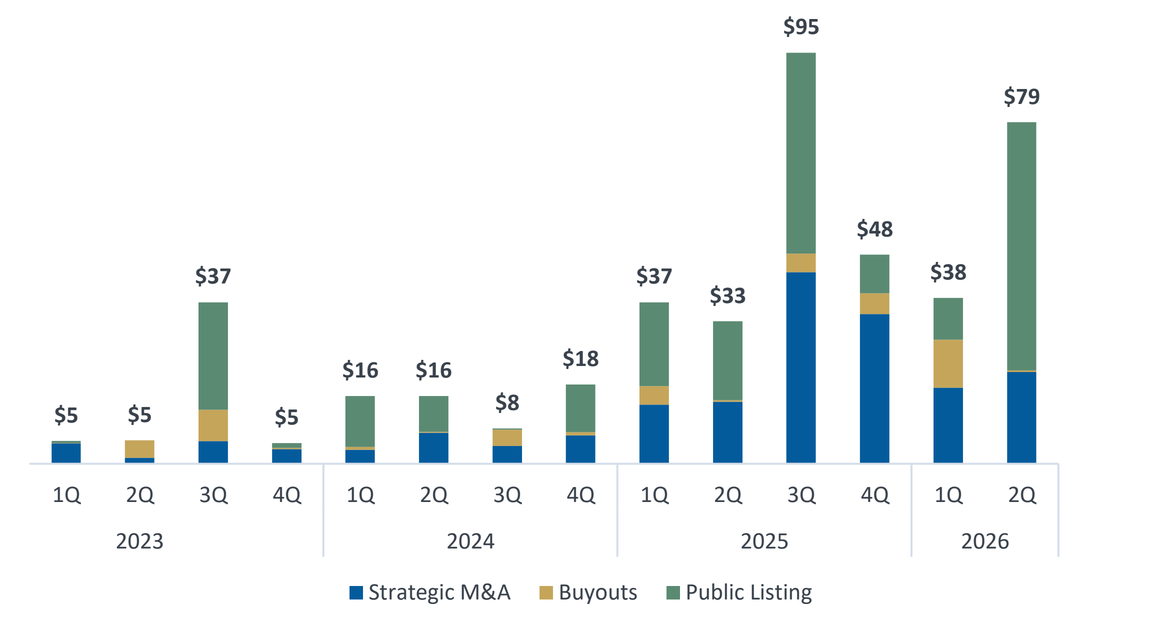
Headline exit value is dominated by a handful of outsized transactions rather than broad-based liquidity. The SpaceX acquisition of xAI and subsequent IPO are so large as to distort the entire chart, and are therefore excluded from the view below. The periodic spikes in public-listing value reflect a 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 companies
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, Coherent, CoreWeave, Corning, Dell Technologies, Eaton, Everpure, Flex, Hewlett Packard Ent /US, Nebius, Quanta Services Inc, 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 Inc, 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 Sys Inc, 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 Inc, 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, 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.

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