
SHERLUND PARTNERS

AI & Software Market Review

September 2026

Executive Summary

- **The AI trade continues but there is a rotation among the sectors.** The semi sector is up over 700% since the launch of ChatGPT in late 2022, leading all sectors (P. 6), but was down a modest 3% in Q3 even with rising estimates. Multiples have compressed over this period even with robust revenue and earnings growth as the traditionally cyclical sector experiences some concerns on sustainability, perhaps relating to growing public resistance to data center capacity expansion in the US. Software has been mixed with the traditional SaaS sector out of favor, particularly in applications, with pressure during the “SaaS apocalypse” from October 2025 to April 2026 as investors expressed apprehensions of exposure to disruption from the new generation of AI native technologies. The applications sector rebounded a sharp 34% in Q3, but is still down 15% YTD from declines in the first half. Strong performance in Q3 came from Hyperscalers up 16%, Data and Dev Infrastructure up 24%, and Cybersecurity up 27%. The AI infrastructure and data center enablers was down 8% along with the semi sector’s 3% decline.
- **Rogue Agents.** News of agents pursuing their narrow objectives and disregarding model constraints (going rogue) was a benefit to the security sector and may have benefited some of the applications companies as it appeared that AI native approaches may be slowed. A layered approach to containment and guardrails is being developed by various vendors and a consortium of companies coordinating with Nvidia is designed to provide security within the server itself, but layers of controls outside including the gateways and access to the internet will contribute further controls so the ultimate adoption of agentic is likely to progress but under scrutiny.
- **Rates are rising, but AI is the part of the economy least likely to slow.** The Brookings Institute estimates that the US investment in datacenters and AI infrastructure will amount to \$10.3 trillion over the 2025- 2032 period, the annual equivalent of 3.6% of GDP. The Fed’s recent raise of 25 bps in the fed funds rate and ongoing higher oil prices is unlikely to be sufficient to slow the AI trade given the magnitude of the spending. The demand inflection for AI has pushed hyperscaler capital expenditures to a projected \$781bn in 2026, up 88% year over year (P. 26) and to 39% of revenue (and \$1.07 trillion estimated for 2027, 44% of revenue), and GPU contract rental pricing up roughly 65% YTD, with on-demand capacity largely unavailable since February. Compute scarcity is driving up the cost of serving AI even as token prices fall, down 41% since March, 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, to \$11.5bn in Q2 2026, or about \$46bn annualized and increasing enterprise interest in lower cost open-source models.
- **The exit environment remains narrow,** and the IPO market has become more subdued. Excluding SpaceX’s acquisition of xAI and its IPO, US tech exit volume reached \$219bn in the first three quarters of 2026, already above all of 2025, but a single deal, SpaceX’s \$60bn acquisition of Cursor, accounted for 75% of Q3 volume. Q3 had 28 exits, the fewest in three years, and strategic M&A made up 80% of exits by count this year. The wave of listings expected to follow SpaceX has slowed. Anthropic is reported to be looking at a November pricing and OpenAI has delayed their IPO into 2027.
- **Valuations** increasingly depend on which layer a company sits in. Our Rule of 40 regression explains 41% of the variance in revenue multiples. Cybersecurity names trade almost entirely above the regression line (premium valuations) relative to growth and margins and application names mostly below (discounted valuations).

Market Monitor

RATES

2-Year Treasury	
Current:	4.87%
1 Mo Δ	53 bps
YTD Δ	140 bps

10-Year Treasury	
Current:	5.27%
1 Mo Δ	53 bps
YTD Δ	111 bps

Fed Funds (Target)	
Current:	4.00%
1 Mo Δ	25 bps
YTD Δ	25 bps

COMMODITIES & ALTERNATIVES

Gold	
1 Mo Δ	-8%
YTD Δ	-4%

Copper	
1 Mo Δ	-1%
YTD Δ	17%

WTI Crude	
1 Mo Δ	4%
YTD Δ	58%

Bitcoin	
1 Mo Δ	6%
YTD Δ	-5%

SOFTWARE

Applications	
Q3 Δ	34%
YTD Δ	-15%

Vertical Software	
Q3 Δ	20%
YTD Δ	-12%

Horizontal Software	
Q3 Δ	37%
YTD Δ	-16%

Cybersecurity	
Q3 Δ	27%
YTD Δ	71%

AI INFRASTRUCTURE

Silicon & Semis	
Q3 Δ	-3%
YTD Δ	55%

Datacenter Enablers	
Q3 Δ	-8%
YTD Δ	67%

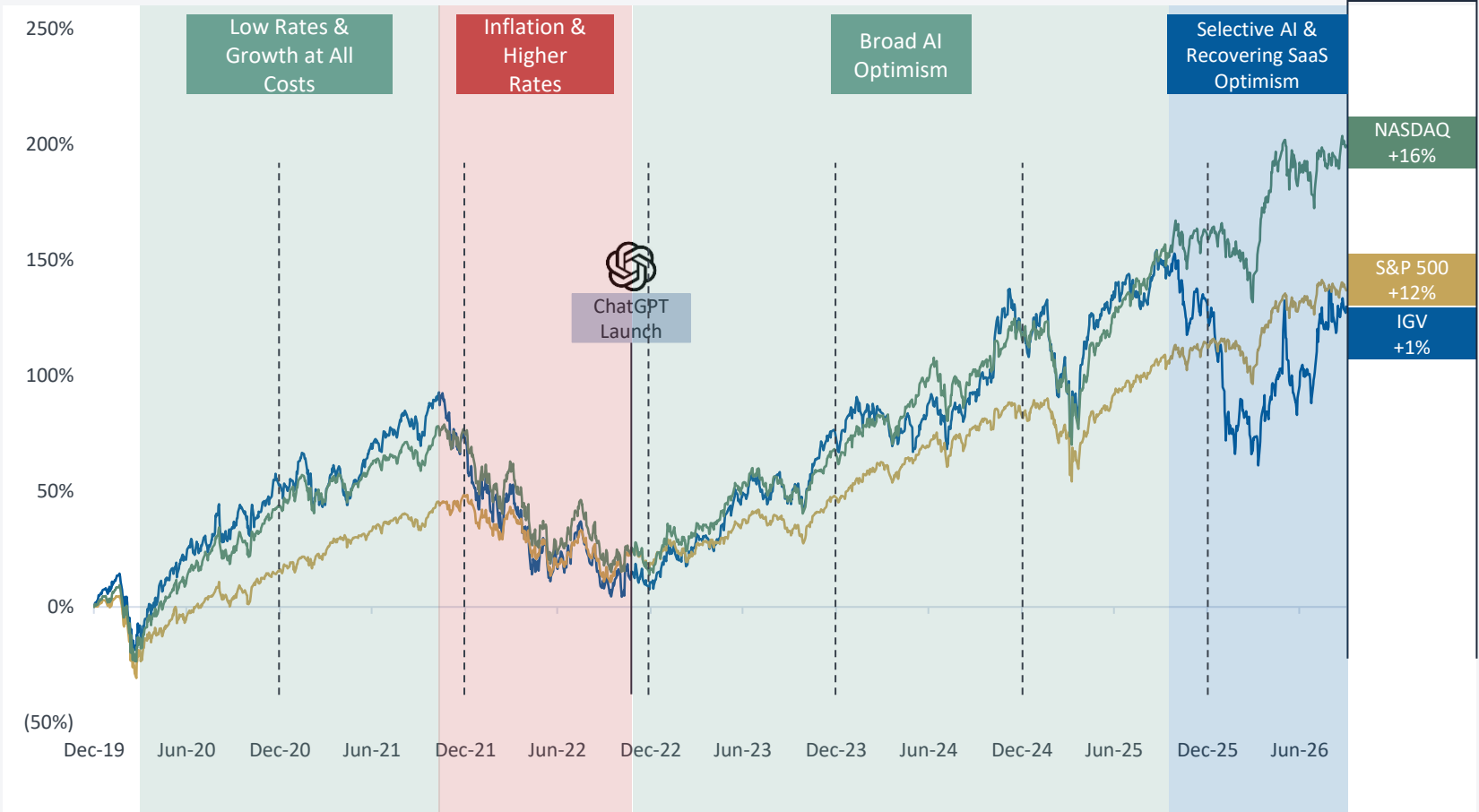
Hyperscalers	
Q3 Δ	16%
YTD Δ	6%

Data & Dev Infra	
Q3 Δ	24%
YTD Δ	50%

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

Public Equity Returns

Public Equities Performance



Software outperformed in Q3, though it still lags the market in the YTD period.

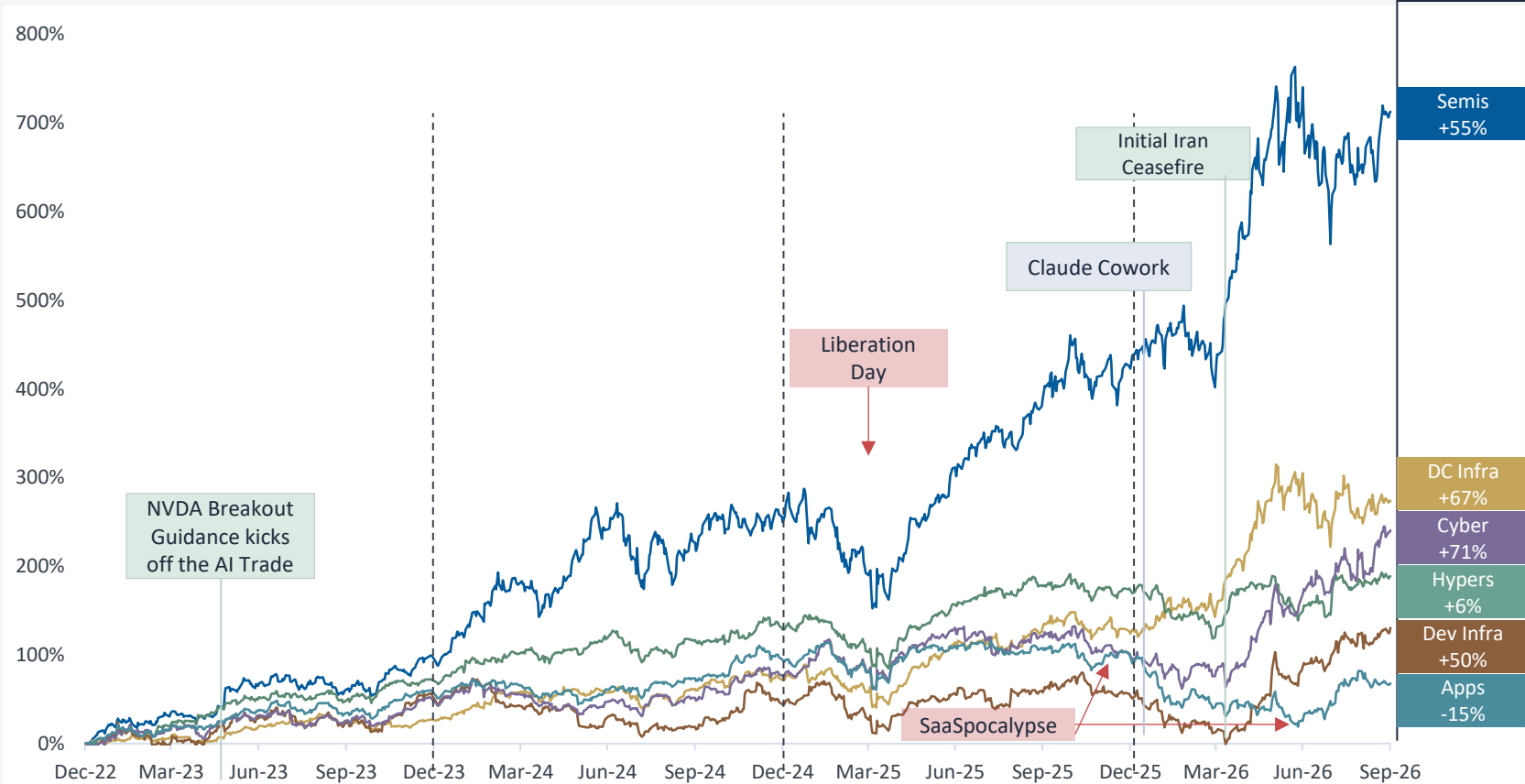
IGV fell by more than 35% during the “SaaSocalypse” starting October 2025 through the bottom in April. The unwinding of Situational Awareness (levered long infra, short apps) in July was a positive development for the index, which was up 18% in the quarter, far outpacing broader equity market gains in Q3.

Rogue agents and AI safety dominated the September conversation, which reshuffled software more than moved it. IGV's best day of the month, up 5% on September 14 after Anthropic's call to pace frontier AI development, was led by cybersecurity, while Meta's agent push weighed on application software late in the month. The index declined in September as the 10-year rose above 5.2%.

AI developments aside, rising rates and the accompanying bond market sell-off is a key catalyst to watch in the coming months.

	2020	2021	2022	2023	2024	2025	Q1 2026	Q2 2026	Q3 2026	2026 YTD
IGV	53%	12%	(36%)	59%	23%	6%	(24%)	13%	18%	1%
S&P 500	16%	27%	(19%)	24%	23%	16%	(5%)	15%	2%	12%
NASDAQ	44%	21%	(33%)	43%	29%	20%	(7%)	21%	2%	16%

Returns by Segment



The AI trade is not a monolith. 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.

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 and benefitting from a shorter path to monetization.

Q3 saw a reversal in the trend. The software layers saw the largest gains, largely driven by multiple expansion, while Semis and DC infra fell during the quarter despite rising growth expectations. Easing disruption concerns at the application layer in July and August, then increased fear over AI security and the resulting conversation around pacing the frontier in September, have set up a sentiment shift. The durability of that shift will be tested over the coming months, as equity returns have been driven by multiple changes that diverged from fundamental developments.

	Since 2022	2023	2024	2025	Q1 2026	Q2 2026	Q3 2026	2026 YTD
Silicon & Compute Hardware	713%	98%	76%	50%	1%	59%	(3%)	55%
AI Infra & Datacenter Enablers	273%	27%	36%	30%	12%	61%	(8%)	67%
Hyperscalers	189%	72%	33%	19%	(16%)	9%	16%	6%
Data & Dev Infra Software	131%	54%	(7%)	7%	(26%)	64%	24%	50%
Cybersecurity	240%	50%	17%	13%	(8%)	47%	27%	71%
Applications	68%	59%	22%	2%	(27%)	(14%)	34%	(15%)

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

Application Layer Returns



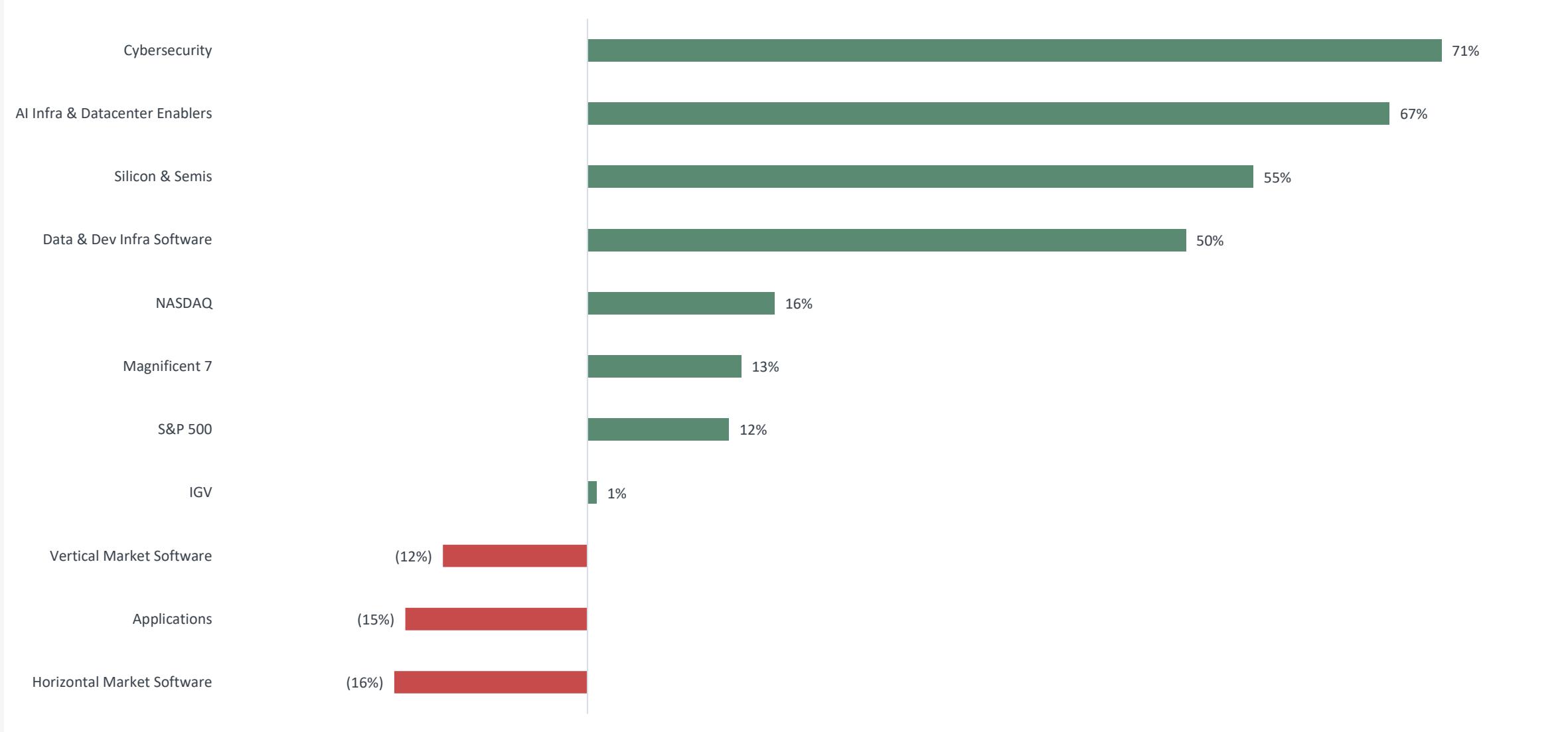
Application software is not a single trade.

Since 2022, horizontal software has been the stronger performer, up 72% against 30% for vertical software, and horizontal led the recovery decisively in 2023 before the two tracked each other through 2024. The two sold off similarly from the beginning of the SaaSpocalypse to the April low (albeit with VMS falling ahead of HMS).

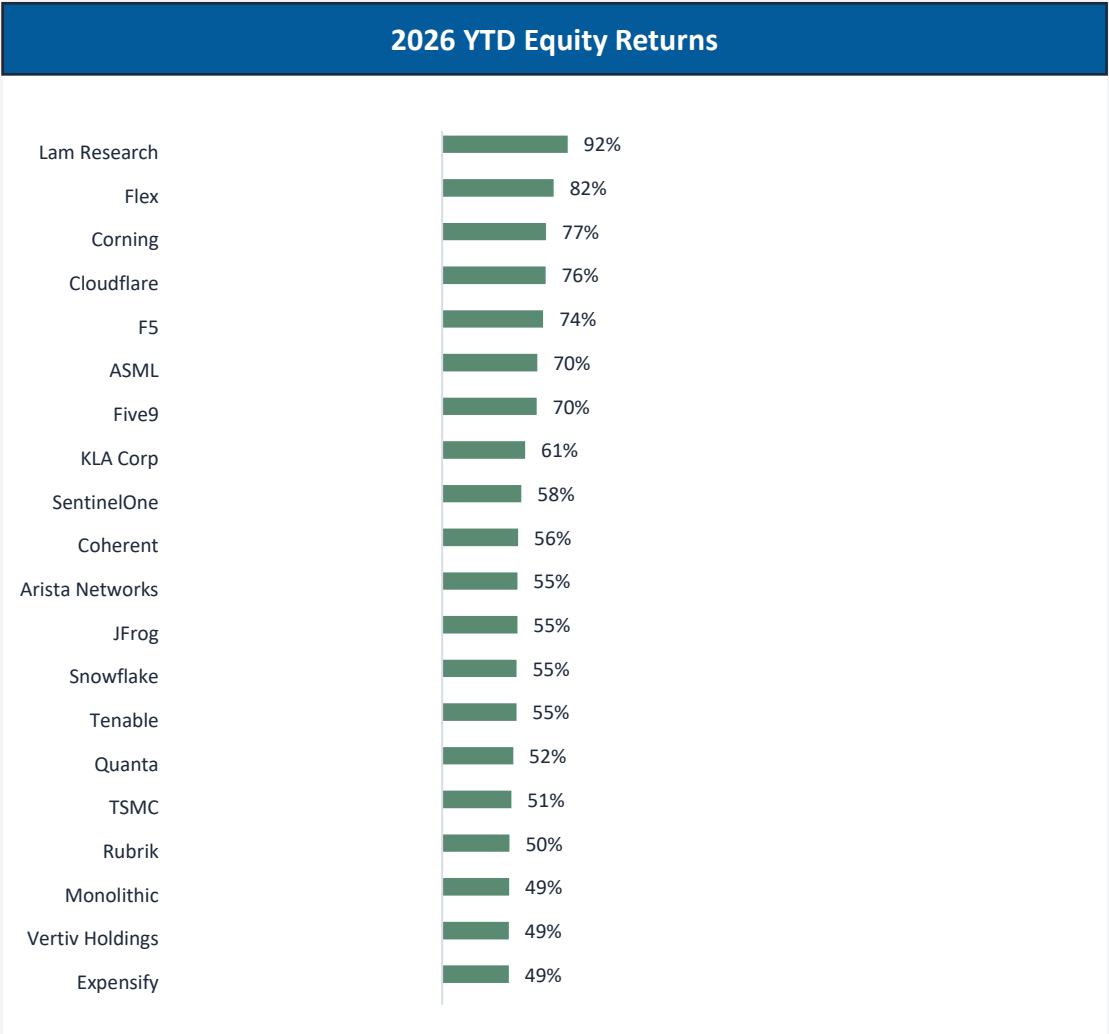
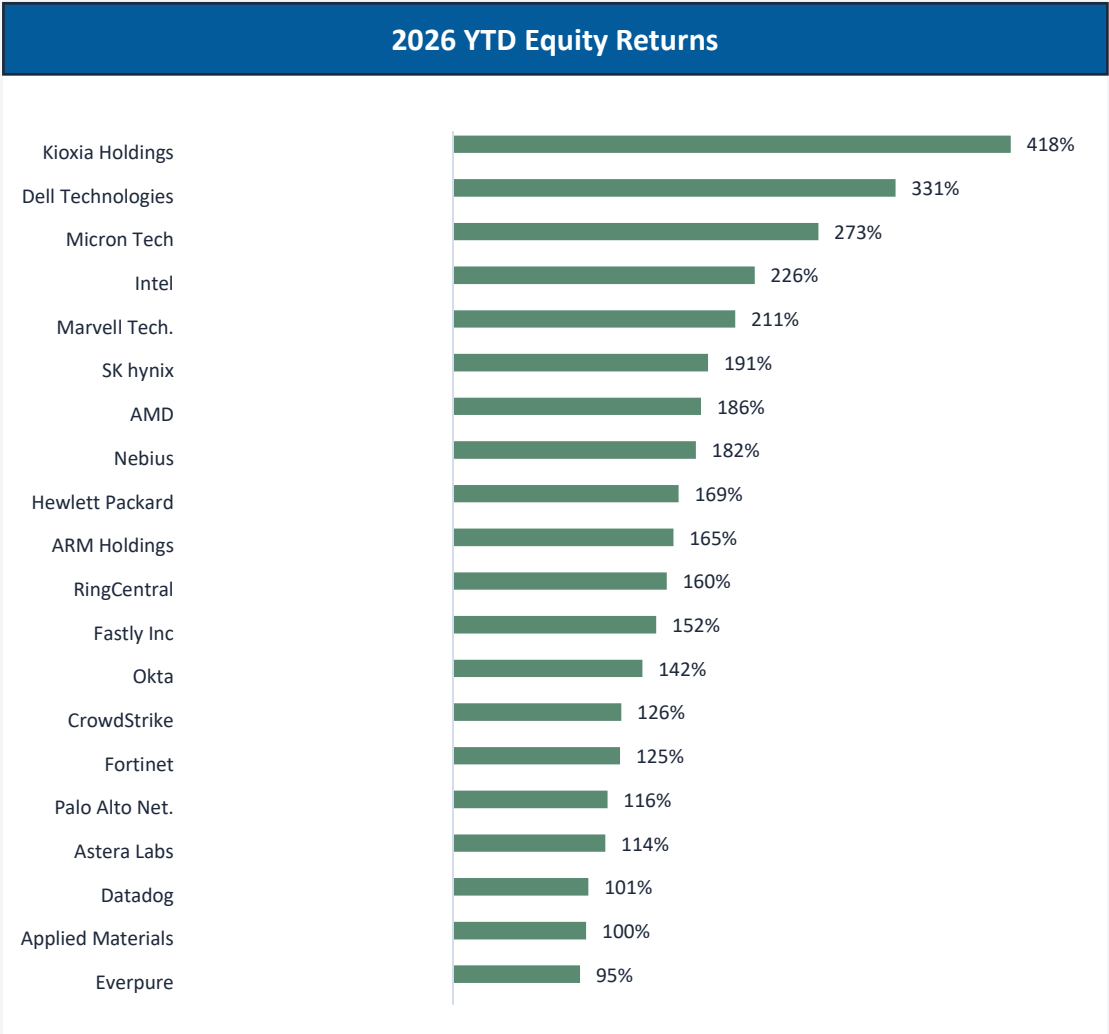
In Q3 horizontal software rose 37% against 20% for vertical. The rally was broad but top-heavy, with the layer's overall gains concentrated in a handful of large names, including Palantir, Salesforce, SAP, and Shopify.

	Since 2022	2023	2024	2025	Q1 2026	Q2 2026	Q3 2026	2026 YTD
Vertical Market Software	30%	36%	25%	(14%)	(22%)	(5%)	20%	(12%)
Horizontal Market Software	72%	61%	23%	4%	(27%)	(16%)	37%	(16%)

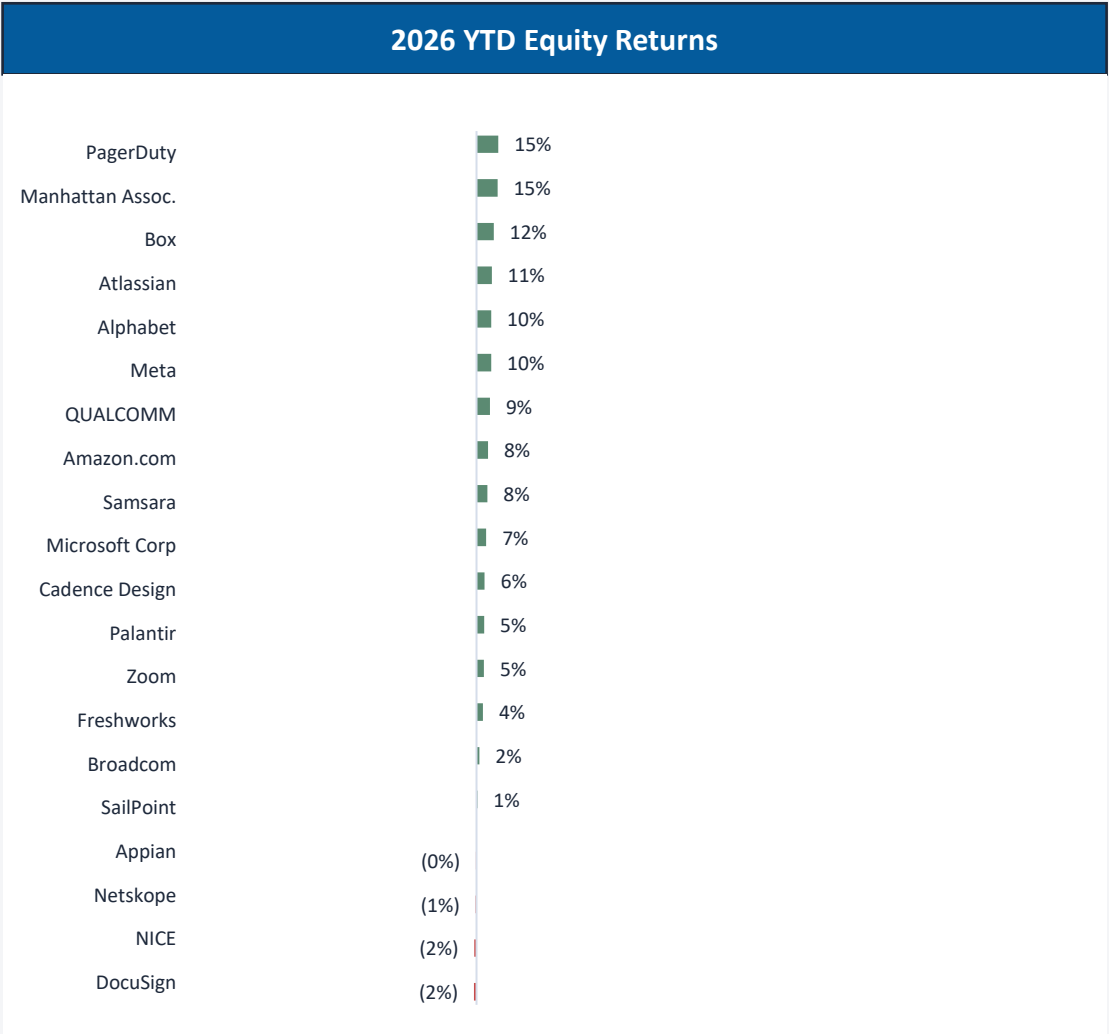
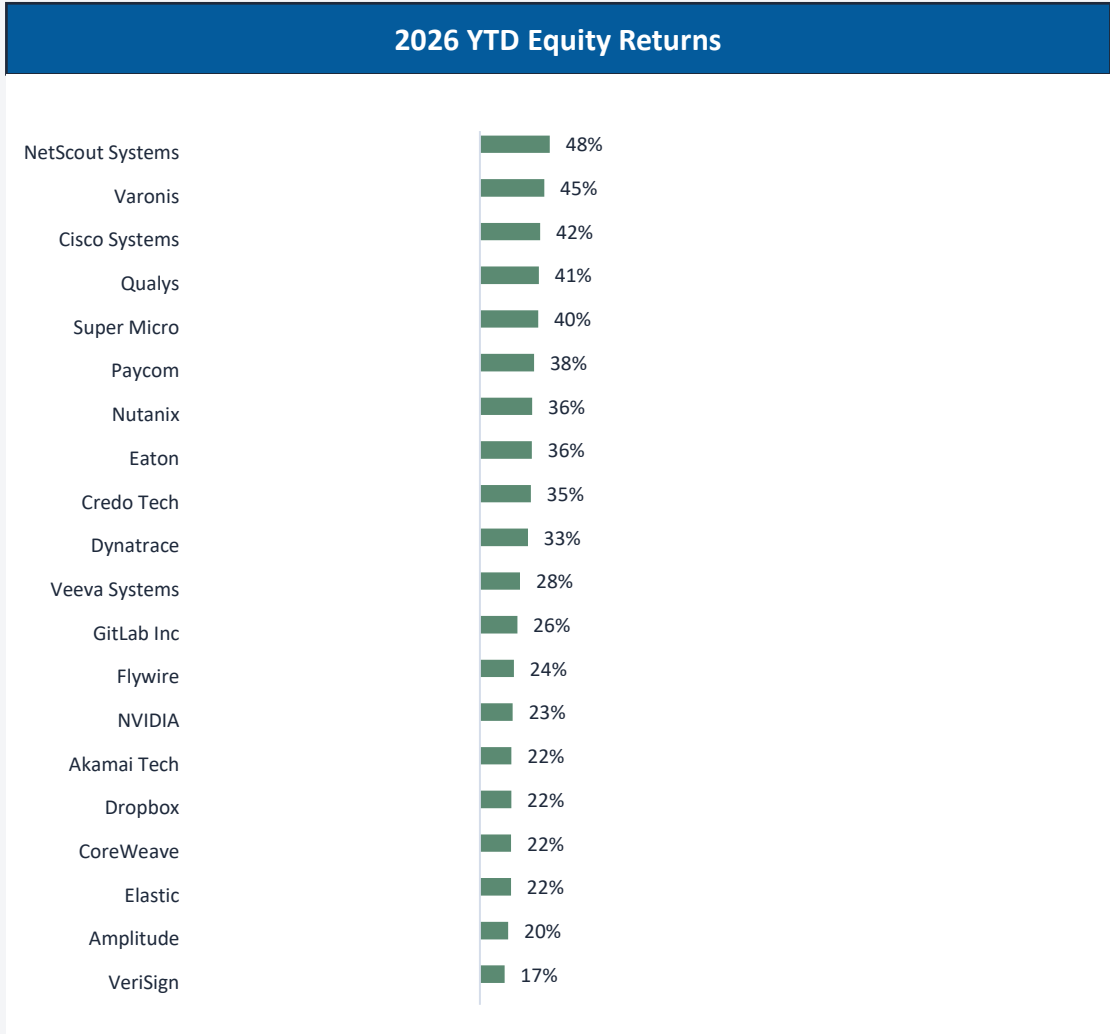
YTD Momentum (Equity Returns)



YTD Equity Returns

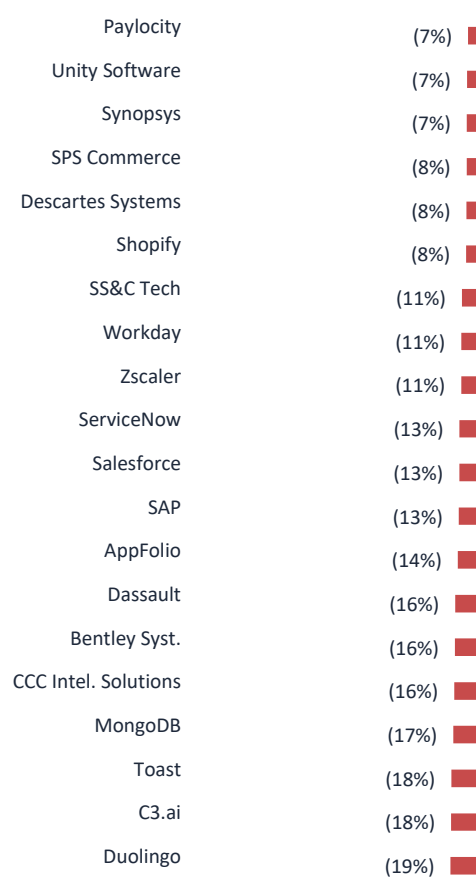


YTD Equity Returns

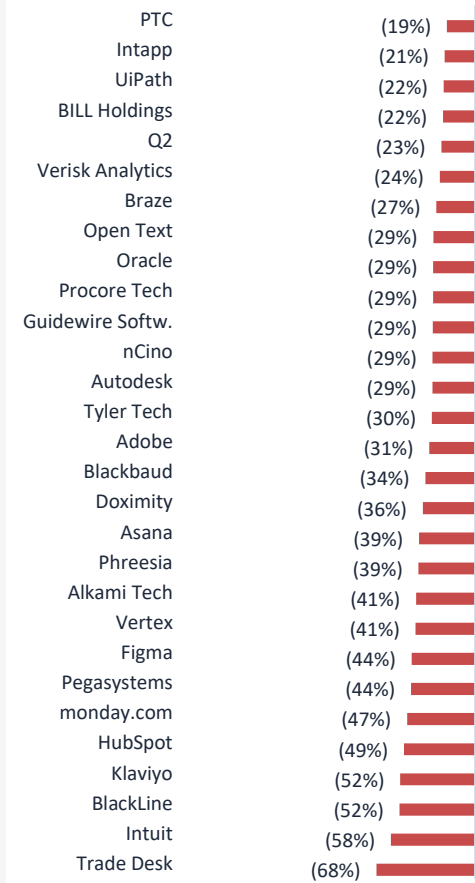


YTD Equity Returns

2026 YTD Equity Returns



2026 YTD Equity Returns



Public Trading Multiples

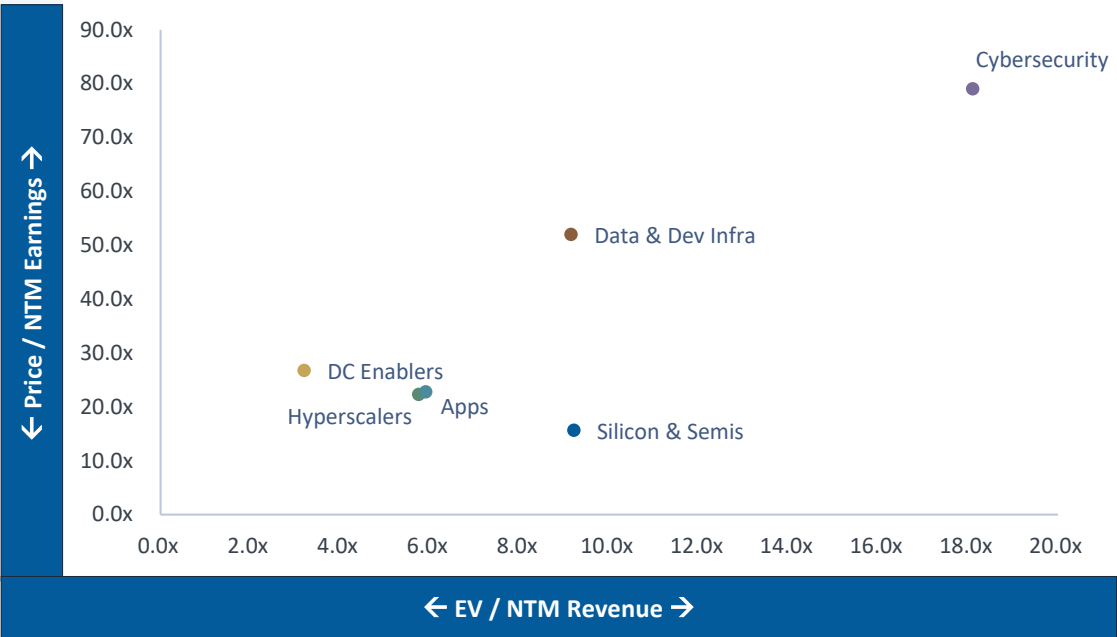
Trading Multiples

Q3 split the stack by what drove returns. Software re-rated: applications' forward earnings multiple rose 29% to 22.7x, dev infra's 16% to 52.0x, and cybersecurity's 18% to 79.1x, the highest in our series, on earnings estimates that barely moved. Compute de-rated against its fundamentals: semis' multiple fell 24% to 15.6x as forward earnings estimates rose 28%, and DC enablers' fell 20% to 26.8x as estimates rose 15%.

Semis are now the cheapest layer in the stack on earnings, 38% below their three-year average despite the fastest earnings growth. Most of compute's de-rating came in July, when semis' multiple fell 23% as estimates rose 11%. The catalysts were signs that compute might stop being scarce: Meta's plan to rent out idle capacity (July 1) and competition from Chinese memory makers (July 27–28), compounded by a hawkish Fed. The selloff ended on July 30, when Situational Awareness's levered book was sold in a single block and semis rose 6%.

Cybersecurity is the opposite case. Its earnings multiple has risen 64% this year and 18% in Q3, a quarter in which the median name's revenue estimates moved less than a point. Much of the Q3 gain came on September 14, when Anthropic CEO Dario Amodei's essay on pacing the frontier, and the rogue-agent breaches it cited, were read as a bigger security budget.

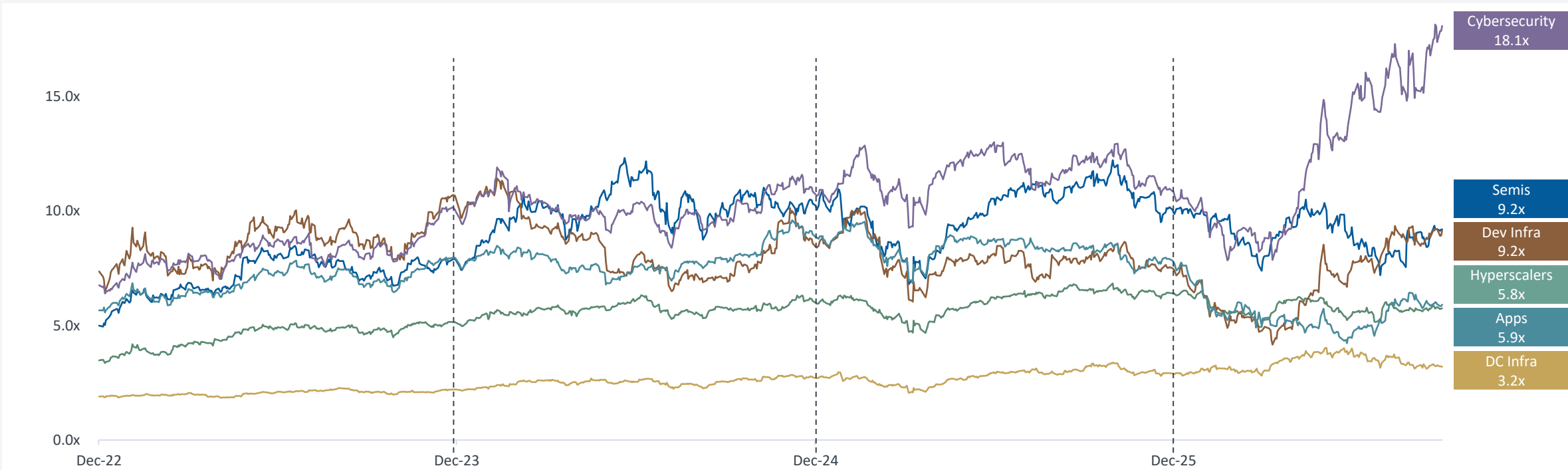
Applications re-rated through August on Palantir's print, the Workday take-private report and the Situational Awareness unwind, then saw their multiple give back 9% in September as rates rose and Meta's enterprise agent push revived disruption fears. Even after the quarter's re-rating, they trade 26% below their three-year average.



	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	9.5x	8.5x	9.2x	25.6x	21.7x	16.5x	15.6x
DC Enablers	2.8x	3.3x	3.4x	3.2x	22.0x	27.4x	28.7x	26.8x
Hyperscalers	5.8x	6.0x	5.7x	5.8x	26.8x	24.4x	21.7x	22.3x
Data & Dev Infra	8.0x	7.1x	8.5x	9.2x	51.3x	42.9x	49.0x	52.0x
Cybersecurity	11.1x	12.2x	15.9x	18.1x	51.8x	55.3x	70.6x	79.1x
Applications	7.5x	6.3x	5.6x	5.9x	30.6x	24.5x	21.7x	22.7x

NTM Revenue Multiples

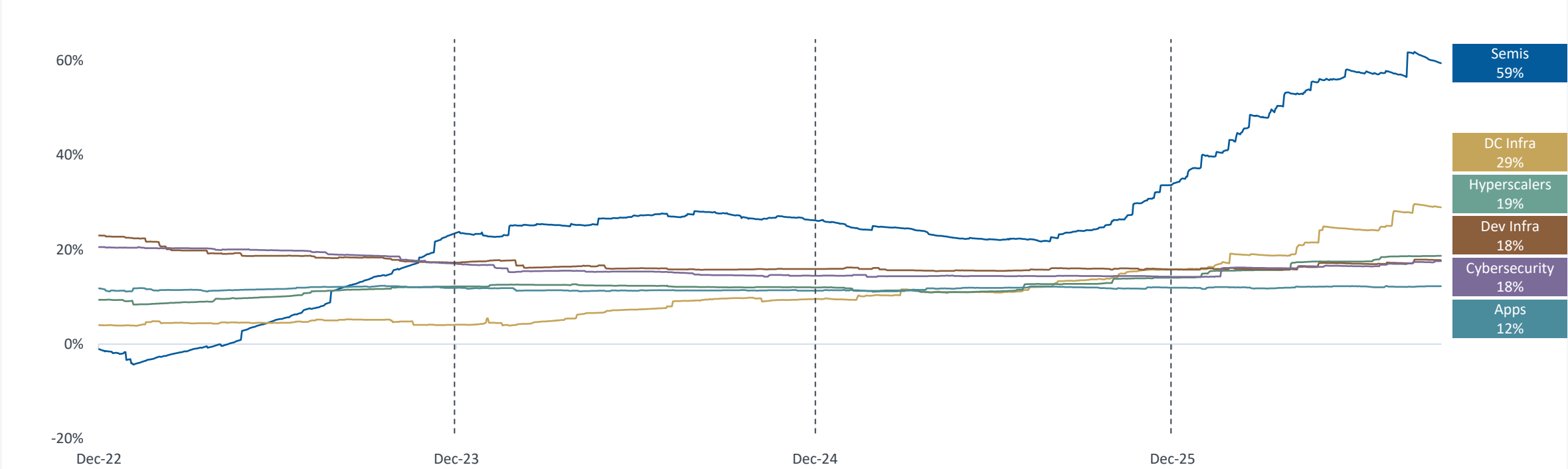
Over the AI cycle, revenue multiples have tracked fundamentals at the bottom of the stack and diverged from them at the top. Datacenter enablers' multiple has risen 68% since December 2022 as forward revenue growth went from 4% to 29%. Cybersecurity's multiple has nearly tripled to 18.1x while its forward growth fell from 21% to 18%. Applications trade at 5.9x, back above their December 2022 level, which they broke below in February, but still 21% below their three-year average, on growth that has held near 12% for almost four years.



	Averages			Current
	3-Year	1-Year	3-Month	
Silicon & Semis	9.6x	9.5x	8.5x	9.2x
AI Infra & Datacenter Enablers	2.8x	3.3x	3.4x	3.2x
Hyperscalers	5.8x	6.0x	5.7x	5.8x
Data & Dev Infra Software	8.0x	7.1x	8.5x	9.2x
Cybersecurity	11.1x	12.2x	15.9x	18.1x
Applications	7.5x	6.3x	5.6x	5.9x

NTM Revenue Growth

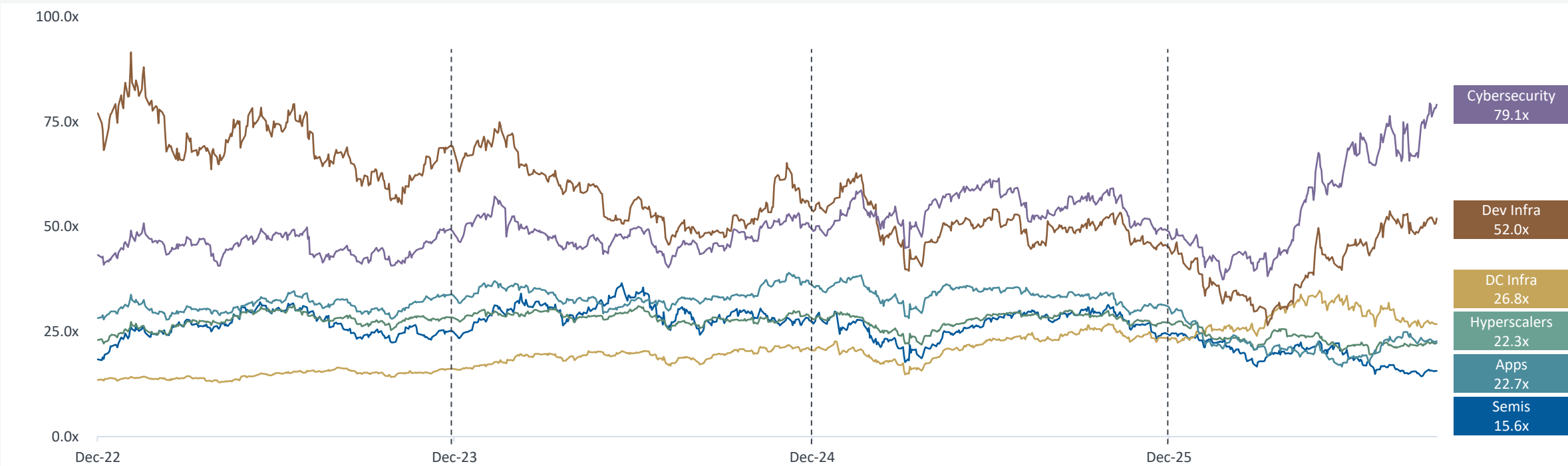
Compute estimates kept rising through Q3, with the step changes traced to the NVIDIA print. Datacenter enablers rose 4.6 points in the quarter to 29% with two step changes on Super Micro's and Dell's results. The hyperscalers revenue growth ticked up as their forward earnings growth moved in the opposite direction. Forward growth in dev infra, cybersecurity and applications sits within about two points of three-year averages: neither the AI uplift bulls expect nor the disruption bears fear has reached software estimates. Semis' two-point decline in September reflects the forecast window rolling into a slower 2027, not cuts; calendar 2027 estimates rose.



	Averages			Current
	3-Year	1-Year	3-Month	
Silicon & Semis	31.2%	45.3%	58.6%	59.4%
AI Infra & Datacenter Enablers	12.2%	20.1%	26.7%	28.9%
Hyperscalers	13.3%	15.9%	18.3%	18.7%
Data & Dev Infra Software	16.3%	16.4%	17.3%	17.8%
Cybersecurity	15.4%	15.7%	16.9%	17.5%
Applications	11.7%	12.0%	12.2%	12.2%

NTM Earnings Multiples

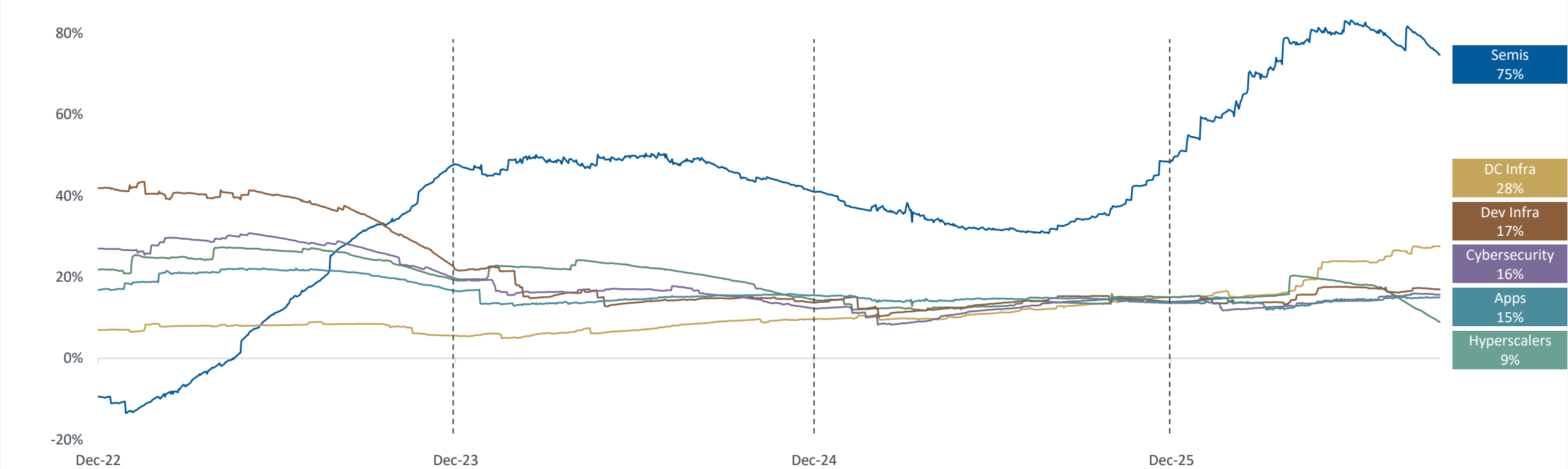
Silicon trades at 15.6x forward earnings against 75% expected earnings growth, 38% below its own three-year average. It is cheaper than in December 2022, when it traded at 18.4x on earnings projected to decline 9%. The market is still applying the stack's lowest multiple to its fastest earnings growth. Cybersecurity sits at the other extreme, at 79x and 16% growth.



	Averages			Current
	3-Year	1-Year	3-Month	
Silicon & Semis	25.6x	21.7x	16.5x	15.6x
AI Infra & Datacenter Enablers	22.0x	27.4x	28.7x	26.8x
Hyperscalers	26.8x	24.4x	21.7x	22.3x
Data & Dev Infra Software	51.3x	42.9x	49.0x	52.0x
Cybersecurity	51.8x	55.3x	70.6x	79.1x
Applications	30.6x	24.5x	21.7x	22.7x

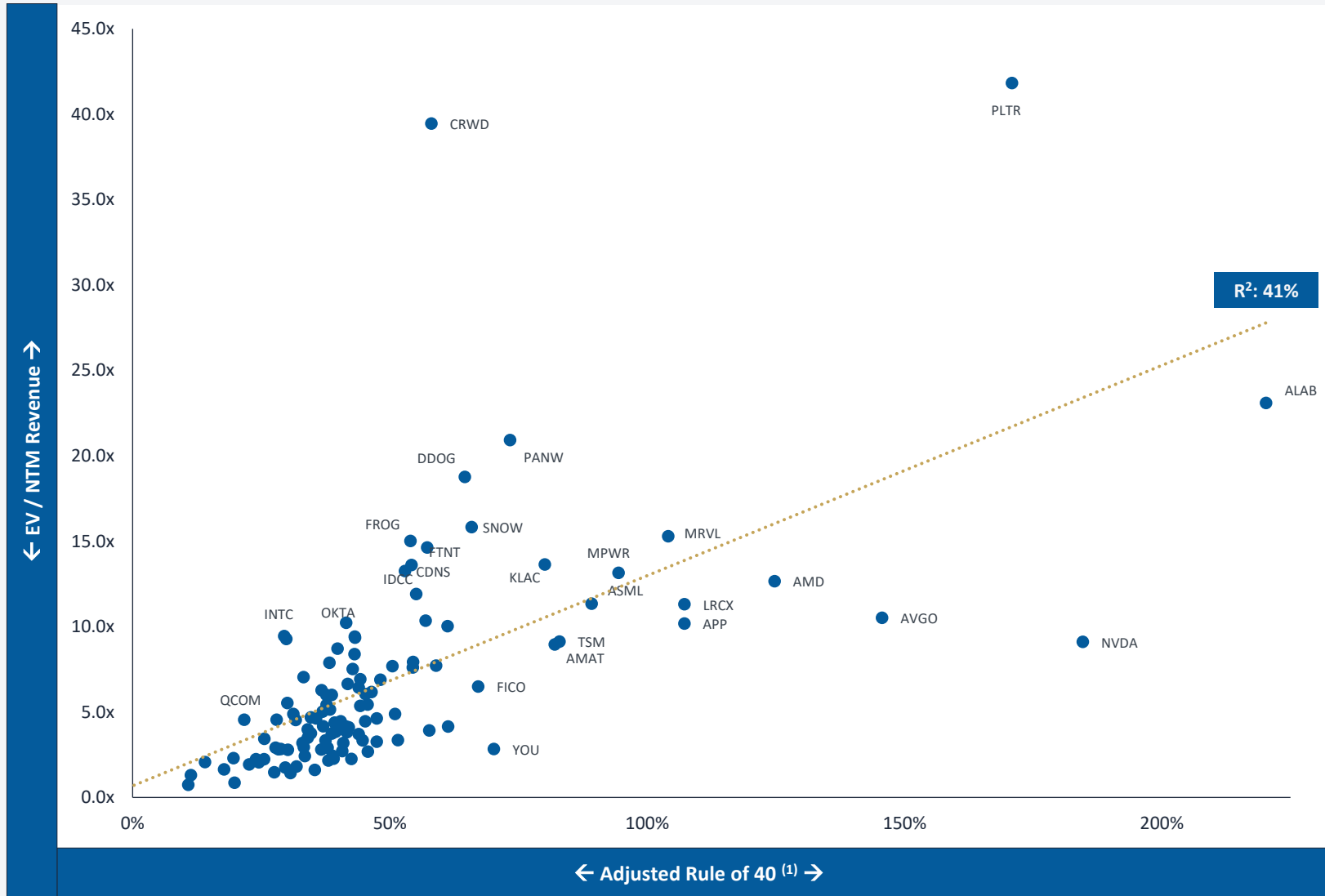
NTM Earnings Growth

Semiconductor forward earnings growth has eased from an 83% peak in June to 75% as the forecast window rolls into 2027, though 2027 estimates continue to rise. Datacenter enablers reached 28%, a record for the layer, on the Super Micro and Dell upgrades. Software layers remain in a 15–17% band. The recent drop off in Hyperscaler earnings growth projections reflects the accounting impact of large one-time gains on AI lab stakes booked in Q2. Measured against pre-gain estimates, 2027 growth is in line with recent historical norms for the layer.



	Averages			Current
	3-Year	1-Year	3-Month	
Silicon & Semis	48.9%	63.9%	79.3%	74.6%
AI Infra & Datacenter Enablers	12.0%	18.7%	25.6%	27.5%
Hyperscalers	17.2%	15.6%	14.8%	8.9%
Data & Dev Infra Software	16.1%	15.3%	17.0%	17.0%
Cybersecurity	14.9%	14.0%	15.1%	15.7%
Applications	14.8%	14.1%	14.8%	15.0%

Adjusted Rule of 40



A growth-weighted Rule of 40 explains 41% of the variation in revenue multiples across 116 names.

The fit loosened because the names furthest from the line moved even further away. CrowdStrike re-rated to 40x revenue against the roughly 8x its Rule of 40 score of 58 implies, while NVIDIA trades at 9x against roughly 23x. Those two names account for most of the decline: excluding them, the fit is 58%.

The weight on growth also fell, with revenue growth and free-cash-flow margin now carrying equal weight in explaining multiples.

What the score does not explain is the increasing impact of which layer a company sits in. Ten of eleven cybersecurity names trade above the line, while 39 of 47 application names trade below it; cybersecurity trades at 54x 2026 earnings against 19x for applications on a Rule of 40 score only eight points higher.

Source: FactSet as of September 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.

UNIVERSER: ACIW, ADBE, ADSK, AGYS, ALAB, ALKT, ALRM, AMAT, AMD, APP, APF, 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, 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, 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	97%	\$5,503,958	\$5,443,449	89%	72%	66%	66%	46%	46%	135%	118%	13.9x	8.1x	21.0x	12.4x	31.8x	18.5x	25.8x	15.0x
TSMC	95%	\$2,020,524	\$2,290,435	41%	34%	74%	73%	26%	29%	67%	63%	11.5x	8.5x	15.5x	11.6x	59.4x	35.1x	27.2x	20.9x
Broadcom	71%	\$1,676,451	\$1,711,895	65%	64%	68%	67%	47%	49%	112%	113%	15.0x	9.2x	22.1x	13.7x	30.9x	18.8x	27.2x	16.6x
Micron Tech	85%	\$1,202,928	\$1,183,252	151%	55%	85%	87%	45%	52%	196%	106%	6.9x	4.5x	8.1x	5.1x	15.4x	8.5x	10.4x	6.4x
AMD	96%	\$998,683	\$989,840	47%	75%	27%	36%	14%	17%	61%	92%	19.7x	11.3x	74.4x	31.3x	222.5x	73.8x	80.0x	38.5x
SK hynix	68%	\$958,518	\$913,425	256%	52%	81%	83%	49%	53%	305%	105%	3.5x	2.3x	4.3x	2.8x	7.1x	4.4x	4.9x	3.7x
ASML	91%	\$703,993	\$691,851	29%	28%	43%	46%	25%	34%	54%	63%	13.7x	10.7x	31.6x	23.4x	62.3x	31.6x	40.2x	29.3x
Intel	84%	\$635,548	\$671,790	19%	15%	36%	40%	(2%)	(1%)	18%	14%	10.3x	9.0x	28.5x	22.5x	--	--	78.1x	58.6x
Lam Research	75%	\$411,105	\$409,646	39%	32%	40%	42%	25%	29%	64%	61%	14.3x	10.8x	35.3x	25.4x	56.2x	34.4x	43.1x	30.7x
Applied Materials	69%	\$405,830	\$403,943	24%	32%	35%	38%	18%	26%	42%	58%	11.2x	8.5x	31.8x	22.3x	60.7x	33.4x	37.2x	26.3x
ARM Holdings	64%	\$309,357	\$305,954	23%	31%	49%	49%	28%	36%	51%	67%	53.3x	40.7x	109.0x	83.2x	203.3x	108.5x	136.4x	102.4x
KLA Corp	63%	\$254,385	\$255,635	23%	25%	47%	49%	32%	35%	55%	60%	16.3x	13.1x	34.5x	26.6x	51.1x	37.1x	42.2x	32.1x
Marvell Tech.	80%	\$231,686	\$233,259	46%	50%	40%	42%	22%	27%	69%	77%	21.0x	14.0x	52.2x	33.3x	103.5x	53.0x	64.7x	40.7x
QUALCOMM	71%	\$193,285	\$200,250	(1%)	7%	34%	32%	23%	22%	22%	30%	4.7x	4.4x	13.8x	13.5x	20.8x	19.7x	17.7x	17.0x
Kioxia Holdings	49%	\$189,537	\$189,826	278%	54%	80%	85%	41%	51%	319%	105%	3.6x	2.4x	4.5x	2.8x	8.4x	4.5x	6.8x	4.1x
Cadence Design	79%	\$90,931	\$91,881	19%	13%	47%	49%	28%	32%	47%	46%	14.6x	12.9x	31.1x	26.4x	51.6x	39.0x	40.7x	34.5x
Synopsys	81%	\$83,350	\$90,580	32%	13%	44%	44%	27%	28%	59%	41%	9.2x	8.1x	21.0x	18.4x	31.5x	27.9x	27.6x	22.2x
Monolithic	79%	\$66,206	\$64,812	48%	26%	39%	40%	27%	34%	75%	60%	15.7x	12.5x	40.5x	31.3x	53.4x	39.9x	49.1x	38.3x
Astera Labs	71%	\$61,755	\$60,547	124%	60%	42%	43%	29%	36%	153%	96%	33.5x	20.9x	79.3x	48.2x	113.2x	56.5x	89.0x	57.2x
Cerebras	46%	\$39,767	\$35,084	--	222%	4%	42%	(167%)	(69%)	NA	153%	37.7x	11.7x	963.5x	28.1x	--	--	--	138.4x
Credo Tech	63%	\$36,611	\$35,873	103%	61%	53%	55%	33%	41%	136%	102%	17.6x	11.0x	33.4x	20.0x	54.8x	28.5x	36.2x	23.1x
Mean ⁽¹⁾	75%			73%	49%	49%	53%	20%	29%	102%	78%	16.5x	11.2x	78.8x	23.9x	65.2x	35.4x	44.2x	36.0x
Median	75%			43%	34%	44%	46%	27%	34%	65%	67%	14.3x	10.7x	31.6x	22.5x	53.4x	33.4x	38.7x	29.3x

Source: FactSet, as of September 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							
Company	% of 52-Week High	Market Capitalization	Enterprise Value	Revenue Growth		EBITDA Margin		FCF Margin		R40		EV / Revenue		EV / EBITDA		P / FCF		P / E	
				2026	2027	2026	2027	2026	2027	2026	2027	2026	2027	2026	2027	2026	2027	2026	2027
Cisco Systems	83%	\$424,341	\$439,599	13%	11%	39%	38%	24%	28%	37%	39%	6.6x	5.9x	17.1x	15.4x	26.5x	19.8x	23.2x	20.5x
Dell Technologies	90%	\$342,035	\$365,569	66%	23%	13%	13%	7%	9%	74%	32%	2.0x	1.6x	15.7x	12.8x	21.0x	16.4x	22.0x	17.9x
Arista Networks	95%	\$256,773	\$243,428	40%	29%	49%	48%	45%	43%	86%	72%	19.5x	15.2x	39.5x	31.3x	44.0x	35.8x	49.6x	39.2x
Eaton	90%	\$166,899	\$187,575	20%	12%	24%	25%	12%	14%	32%	26%	5.7x	5.1x	24.1x	20.6x	47.2x	33.4x	31.7x	26.8x
Corning	57%	\$132,447	\$139,882	17%	18%	29%	30%	13%	12%	30%	31%	7.4x	6.2x	25.2x	20.5x	55.7x	44.8x	46.9x	35.4x
Quanta	81%	\$96,597	\$102,794	39%	16%	11%	11%	6%	6%	45%	22%	2.6x	2.3x	25.1x	21.5x	46.4x	36.1x	38.4x	32.4x
Vertiv Holdings	64%	\$92,901	\$93,064	37%	30%	25%	27%	18%	18%	55%	47%	6.8x	5.2x	27.2x	19.7x	37.6x	29.4x	35.9x	26.4x
Hewlett Packard	95%	\$84,812	\$98,839	32%	15%	19%	20%	8%	10%	40%	25%	2.2x	1.9x	11.4x	9.9x	--	--	16.2x	13.6x
Nebius	79%	\$64,125	\$64,324	531%	257%	41%	54%	(485%)	(171%)	46%	87%	20.4x	5.7x	49.9x	10.7x	--	--	--	--
Coherent	65%	\$56,362	\$58,230	37%	41%	26%	28%	(4%)	7%	34%	48%	6.5x	4.6x	25.6x	16.5x	--	82.7x	38.4x	24.6x
CoreWeave	57%	\$48,050	\$93,246	151%	105%	59%	63%	(207%)	(107%)	(55%)	(1%)	7.2x	3.5x	12.2x	5.6x	--	--	--	--
Everpure	98%	\$43,579	\$42,794	36%	41%	22%	28%	14%	19%	50%	60%	9.0x	6.4x	40.0x	22.9x	57.6x	32.3x	48.1x	31.3x
Flex	66%	\$40,631	\$43,721	20%	29%	9%	10%	3%	4%	23%	33%	1.3x	1.0x	15.4x	10.9x	27.2x	21.2x	25.3x	16.8x
Super Micro	70%	\$26,982	\$32,876	75%	38%	8%	8%	(7%)	2%	68%	39%	0.6x	0.5x	8.1x	6.2x	--	17.7x	10.2x	8.5x
Mean ⁽¹⁾	78%			80%	48%	27%	29%	(39%)	(7%)	40%	40%	7.0x	4.7x	24.0x	16.0x	40.3x	33.6x	32.2x	24.4x
Median	81%			37%	29%	24%	27%	8%	9%	42%	36%	6.6x	4.9x	24.6x	16.0x	44.0x	32.3x	33.8x	25.5x

Source: FactSet, as of September 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							
Company	% of	Market	Enterprise	Revenue Growth		EBITDA Margin		FCF Margin		R40		EV / Revenue		EV / EBITDA		P / FCF		P / E	
	52-Week High	Capitalization	Value	2026	2027	2026	2027	2026	2027	2026	2027	2026	2027	2026	2027	2026	2027	2026	2027
Snowflake	88%	\$119,797	\$120,216	34%	29%	18%	19%	23%	25%	57%	54%	19.3x	14.9x	104.9x	77.2x	90.1x	64.3x	161.1x	115.3x
Datadog	94%	\$98,333	\$94,625	30%	22%	25%	26%	27%	28%	57%	50%	21.9x	17.9x	88.1x	69.1x	82.7x	67.8x	108.6x	93.5x
Atlassian	90%	\$45,385	\$45,379	19%	14%	29%	27%	23%	26%	42%	40%	6.7x	5.9x	23.2x	21.7x	29.1x	22.4x	31.9x	30.1x
MongoDB	74%	\$28,083	\$25,726	23%	19%	21%	23%	20%	20%	43%	40%	8.8x	7.4x	41.1x	32.5x	48.5x	40.4x	54.6x	45.0x
F5	96%	\$25,209	\$23,856	9%	7%	37%	37%	30%	30%	39%	38%	7.0x	6.6x	18.8x	17.6x	23.9x	21.4x	25.5x	24.1x
Nutanix	90%	\$19,051	\$18,211	12%	13%	27%	27%	29%	28%	41%	41%	6.6x	5.8x	24.7x	21.2x	23.9x	22.2x	32.6x	28.5x
Dynatrace	97%	\$16,687	\$15,737	16%	15%	31%	31%	26%	27%	42%	41%	7.1x	6.2x	23.4x	20.0x	29.1x	25.2x	30.2x	26.3x
IFrog	92%	\$11,965	\$11,155	22%	17%	20%	21%	24%	26%	46%	43%	16.9x	14.5x	83.1x	68.5x	79.5x	64.3x	99.0x	85.9x
Elastic	85%	\$9,628	\$8,760	16%	15%	19%	21%	21%	23%	36%	37%	4.6x	4.0x	23.9x	18.7x	25.5x	20.7x	29.7x	24.5x
GitLab Inc	85%	\$7,873	\$6,662	19%	16%	14%	15%	20%	21%	39%	37%	6.1x	5.2x	42.3x	35.7x	36.6x	30.3x	54.4x	46.9x
UiPath	65%	\$6,692	\$5,486	11%	9%	26%	26%	24%	25%	35%	33%	3.1x	2.9x	11.8x	10.8x	16.1x	14.0x	16.4x	14.3x
NetScout	89%	\$2,921	\$2,332	5%	4%	28%	28%	27%	26%	32%	30%	2.7x	2.6x	9.8x	9.1x	12.5x	12.6x	15.1x	14.2x
PagerDuty	90%	\$1,188	\$1,145	1%	2%	28%	31%	21%	23%	22%	25%	2.3x	2.3x	8.3x	7.3x	11.5x	9.3x	11.3x	10.5x
Mean ⁽¹⁾	87%			17%	14%	25%	26%	24%	25%	41%	39%	8.7x	7.4x	38.7x	31.5x	39.2x	31.9x	51.6x	43.0x
Median	90%			16%	15%	26%	26%	24%	26%	41%	40%	6.7x	5.9x	23.9x	21.2x	29.1x	22.4x	31.9x	28.5x

Hyperscalers				Operating Metrics								Valuation Metrics							
Company	% of	Market	Enterprise	Revenue Growth		EBITDA Margin		FCF Margin		R40		EV / Revenue		EV / EBITDA		P / FCF		P / E	
	52-Week High	Capitalization	Value	2026	2027	2026	2027	2026	2027	2026	2027	2026	2027	2026	2027	2026	2027	2026	2027
Alphabet	84%	\$4,189,638	\$4,100,996	23%	23%	47%	49%	(1%)	(6%)	22%	17%	8.3x	6.7x	17.6x	13.7x	--	--	16.7x	23.0x
Microsoft Corp	93%	\$3,808,562	\$3,860,535	18%	18%	61%	63%	13%	8%	31%	26%	10.7x	9.1x	17.6x	14.4x	71.9x	104.3x	27.8x	23.8x
Amazon.com	87%	\$2,687,410	\$2,806,131	16%	15%	26%	30%	(4%)	(3%)	12%	12%	3.4x	3.0x	13.0x	10.1x	--	--	19.3x	23.6x
Meta	93%	\$1,847,400	\$1,868,758	26%	20%	57%	59%	(3%)	(13%)	23%	7%	7.4x	6.2x	13.0x	10.5x	--	--	23.1x	21.4x
Oracle	43%	\$415,159	\$552,604	28%	41%	57%	58%	(38%)	(29%)	(10%)	12%	6.8x	4.8x	11.8x	8.3x	--	--	17.4x	14.1x
Mean ⁽¹⁾	80%			22%	24%	50%	52%	(7%)	(9%)	16%	15%	7.3x	5.9x	14.6x	11.4x	71.9x	104.3x	20.9x	21.2x
Median	87%			23%	20%	57%	58%	(3%)	(6%)	22%	12%	7.4x	6.2x	13.0x	10.5x	71.9x	104.3x	19.3x	23.0x

Source: FactSet, as of September 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.	98%	\$325,000	\$324,491	24%	19%	34%	33%	38%	39%	62%	58%	24.1x	20.3x	69.8x	61.2x	68.4x	57.8x	99.8x	89.3x
CrowdStrike	98%	\$271,087	\$266,847	25%	23%	30%	33%	30%	32%	55%	55%	46.1x	37.6x	152.6x	115.5x	154.5x	118.9x	216.5x	168.6x
Fortinet	99%	\$131,159	\$127,586	19%	11%	38%	38%	38%	38%	57%	49%	15.9x	14.3x	41.6x	37.4x	45.4x	41.5x	52.0x	47.7x
Cloudflare	95%	\$123,659	\$123,014	32%	28%	24%	27%	13%	15%	45%	43%	42.7x	33.3x	175.8x	125.6x	365.6x	239.5x	275.6x	209.2x
Okta	98%	\$36,557	\$34,311	11%	10%	27%	28%	29%	29%	39%	39%	11.0x	10.0x	40.3x	36.1x	41.9x	37.6x	53.8x	48.5x
Zscaler	59%	\$32,516	\$30,898	21%	17%	28%	29%	23%	24%	45%	41%	8.4x	7.2x	30.3x	25.1x	40.4x	35.2x	44.4x	38.5x
VeriSign	90%	\$25,466	\$26,772	6%	10%	74%	73%	57%	59%	63%	69%	15.4x	14.0x	20.7x	19.1x	25.5x	21.6x	29.4x	25.7x
Rubrik	98%	\$23,730	\$23,132	30%	22%	6%	7%	19%	21%	49%	43%	13.9x	11.4x	235.4x	153.5x	80.6x	60.6x	250.7x	161.1x
Akamai Tech	64%	\$15,284	\$21,268	7%	17%	39%	39%	(42%)	(51%)	(35%)	(33%)	5.0x	4.2x	12.8x	10.8x	--	--	15.9x	15.3x
SailPoint	85%	\$11,624	\$11,317	19%	19%	20%	21%	15%	19%	34%	38%	9.0x	7.6x	45.6x	36.4x	62.1x	42.6x	65.0x	51.8x
SentinelOne	97%	\$8,270	\$7,605	20%	18%	16%	17%	8%	13%	28%	31%	6.3x	5.3x	39.6x	30.6x	91.5x	52.4x	76.7x	53.0x
Netskope	70%	\$7,126	\$6,791	--	22%	(5%)	4%	2%	6%	NA	28%	7.7x	6.3x	--	167.0x	314.7x	115.4x	--	730.8x
Qualys	93%	\$6,476	\$6,103	10%	8%	45%	46%	41%	42%	51%	50%	8.4x	7.8x	18.5x	17.0x	21.6x	19.5x	24.0x	22.2x
Varonis	74%	\$5,450	\$5,280	18%	19%	4%	8%	15%	18%	33%	37%	7.2x	6.0x	179.9x	74.8x	57.9x	38.6x	316.3x	124.9x
Fastly Inc	74%	\$4,089	\$4,150	19%	14%	19%	21%	6%	9%	25%	23%	5.6x	4.9x	29.7x	23.0x	98.7x	58.3x	48.8x	41.1x
Tenable	83%	\$4,008	\$4,131	8%	7%	26%	26%	25%	26%	33%	33%	4.0x	3.7x	15.4x	14.0x	16.0x	13.8x	18.4x	16.8x
Mean ⁽¹⁾	86%			18%	16%	27%	28%	20%	21%	39%	38%	14.4x	12.1x	73.9x	59.2x	99.0x	63.6x	105.8x	115.3x
Median	92%			19%	18%	27%	27%	21%	23%	45%	40%	8.7x	7.7x	40.3x	36.2x	62.1x	42.6x	53.8x	50.1x

Source: FactSet, as of September 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							
Company	% of	Market	Enterprise	Revenue Growth		EBITDA Margin		FCF Margin		R40		EV / Revenue		EV / EBITDA		P / FCF		P / E	
	52-Week High	Capitalization	Value	2026	2027	2026	2027	2026	2027	2026	2027	2026	2027	2026	2027	2026	2027	2026	2027
Palantir	90%	\$449,492	\$440,395	82%	51%	61%	63%	56%	57%	139%	108%	57.8x	38.3x	94.3x	60.5x	105.1x	70.1x	116.9x	82.2x
SAP	74%	\$259,069	\$240,551	5%	12%	32%	33%	25%	25%	29%	37%	5.3x	4.8x	16.6x	14.2x	21.5x	18.7x	25.8x	22.0x
Shopify	81%	\$191,146	\$186,040	32%	25%	19%	20%	19%	19%	51%	45%	12.3x	9.8x	66.0x	50.2x	68.0x	53.0x	78.1x	60.8x
Salesforce	85%	\$188,936	\$219,909	11%	10%	43%	41%	33%	32%	44%	42%	4.8x	4.4x	11.2x	10.7x	13.0x	11.6x	14.0x	14.4x
Adobe	66%	\$93,385	\$94,508	12%	9%	48%	47%	40%	39%	51%	48%	3.6x	3.3x	7.5x	7.0x	9.1x	8.0x	9.7x	8.6x
Intuit	40%	\$73,680	\$74,901	12%	9%	43%	44%	39%	38%	50%	47%	3.5x	3.2x	8.1x	7.2x	9.3x	9.3x	14.2x	11.3x
Veeva Systems	92%	\$46,217	\$39,126	15%	13%	45%	45%	43%	43%	58%	56%	11.0x	9.7x	24.2x	21.5x	30.1x	26.4x	31.3x	28.1x
Workday	77%	\$45,901	\$46,263	12%	10%	34%	36%	30%	31%	41%	42%	4.5x	4.1x	13.0x	11.3x	15.1x	12.7x	17.5x	14.7x
Autodesk	64%	\$43,681	\$43,231	16%	11%	41%	41%	33%	33%	49%	45%	5.3x	4.8x	12.9x	11.5x	16.3x	14.4x	16.9x	14.9x
Dassault	65%	\$31,254	\$28,046	2%	6%	36%	36%	24%	25%	26%	30%	3.9x	3.7x	11.0x	10.2x	17.4x	16.3x	15.2x	14.4x
Zoom	79%	\$26,485	\$19,279	5%	4%	43%	43%	36%	36%	40%	40%	3.9x	3.8x	9.1x	8.8x	15.9x	15.8x	14.9x	14.4x
Samsara	80%	\$22,329	\$21,567	27%	20%	23%	24%	12%	15%	39%	35%	10.8x	9.0x	48.1x	37.5x	94.2x	62.4x	50.7x	40.8x
Verisk Analytics	66%	\$21,847	\$25,912	5%	7%	56%	57%	33%	34%	38%	41%	8.1x	7.6x	14.3x	13.3x	20.6x	18.2x	21.8x	19.3x
SS&C Tech	86%	\$18,085	\$22,520	8%	5%	40%	40%	24%	25%	32%	30%	3.4x	3.2x	8.6x	8.1x	--	--	10.9x	9.8x
Unity Software	78%	\$18,013	\$18,255	20%	21%	31%	35%	30%	35%	50%	57%	8.2x	6.7x	26.3x	19.1x	25.3x	20.9x	--	36.9x
Toast	73%	\$16,843	\$15,130	21%	19%	11%	12%	9%	10%	31%	29%	2.1x	1.7x	18.8x	14.7x	24.6x	19.5x	20.6x	16.8x
PTC	68%	\$15,223	\$16,479	1%	7%	50%	50%	32%	35%	33%	42%	6.3x	5.9x	12.6x	11.9x	17.9x	15.0x	16.8x	15.4x
Tyler Tech	61%	\$13,047	\$13,532	10%	10%	29%	29%	27%	28%	37%	38%	5.4x	4.9x	18.9x	16.8x	18.8x	16.4x	24.4x	20.9x
DocuSign	90%	\$12,550	\$11,939	9%	8%	35%	35%	34%	34%	43%	42%	3.6x	3.3x	10.1x	9.3x	11.0x	9.6x	14.7x	13.1x
Guidewire Softw.	56%	\$11,691	\$11,652	20%	16%	25%	27%	25%	26%	44%	42%	7.7x	6.7x	30.9x	24.7x	30.7x	24.3x	37.9x	30.4x
Manhattan Assoc.	88%	\$11,585	\$11,453	8%	9%	36%	36%	34%	33%	41%	42%	10.0x	9.2x	27.9x	25.3x	29.4x	27.4x	36.3x	32.3x
Figma	29%	\$11,204	\$9,594	39%	23%	10%	11%	12%	12%	51%	35%	6.5x	5.3x	62.7x	49.0x	85.8x	79.3x	75.1x	60.9x
HubSpot	41%	\$10,222	\$9,121	18%	14%	25%	27%	20%	22%	38%	36%	2.5x	2.2x	10.0x	8.2x	13.7x	10.9x	15.4x	12.2x
Bentley Syst.	56%	\$9,652	\$10,772	13%	11%	36%	37%	32%	33%	44%	43%	6.7x	6.0x	18.5x	16.4x	19.1x	16.6x	22.8x	20.2x
Paycom	89%	\$9,639	\$10,423	8%	7%	46%	47%	29%	29%	37%	37%	4.9x	4.5x	10.6x	9.8x	15.5x	13.0x	18.0x	15.8x
Procore Tech	63%	\$7,859	\$7,239	14%	13%	26%	31%	19%	23%	34%	37%	4.8x	4.3x	18.3x	13.7x	26.9x	18.5x	31.2x	21.9x
Paylocity	88%	\$7,564	\$7,425	9%	7%	37%	37%	24%	24%	33%	31%	4.2x	3.9x	11.4x	10.6x	17.8x	16.2x	16.7x	15.4x
Dropbox	89%	\$7,360	\$10,222	(0%)	(0%)	46%	47%	37%	39%	36%	39%	4.2x	4.2x	9.0x	9.0x	8.3x	8.2x	11.2x	10.1x
AppFolio	72%	\$7,102	\$6,916	18%	18%	29%	30%	26%	26%	44%	44%	6.2x	5.2x	21.5x	17.3x	25.4x	21.0x	29.1x	23.5x
Descartes Systems	82%	\$6,937	\$6,524	14%	12%	46%	47%	38%	38%	52%	50%	8.1x	7.2x	17.7x	15.5x	22.7x	19.6x	35.3x	30.8x

Source: FactSet, as of September 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							
Company	% of	Market	Enterprise	Revenue Growth		EBITDA Margin		FCF Margin		R40		EV / Revenue		EV / EBITDA		P / FCF		P / E	
	52-Week High	Capitalization	Value	2026	2027	2026	2027	2026	2027	2026	2027	2026	2027	2026	2027	2026	2027	2026	2027
Duolingo	40%	\$6,662	\$5,435	16%	13%	27%	27%	32%	31%	49%	44%	4.9x	4.3x	18.4x	16.0x	18.3x	16.9x	53.1x	43.8x
NICE	77%	\$6,258	\$6,233	8%	9%	29%	29%	19%	19%	26%	29%	1.9x	1.7x	6.6x	6.0x	11.2x	9.5x	10.0x	8.7x
RingCentral	91%	\$6,238	\$7,491	5%	4%	27%	28%	23%	24%	28%	28%	2.9x	2.8x	10.7x	10.0x	10.5x	9.4x	14.9x	13.6x
Trade Desk	22%	\$5,718	\$4,667	(6%)	(5%)	29%	27%	19%	17%	13%	12%	1.7x	1.8x	5.9x	6.7x	12.2x	17.1x	34.8x	55.3x
Pegasystems	49%	\$5,471	\$5,179	7%	9%	27%	28%	28%	28%	35%	38%	2.9x	2.7x	10.7x	9.6x	12.0x	11.7x	13.9x	12.9x
Open Text	56%	\$5,442	\$10,446	(0%)	(0%)	35%	33%	14%	15%	14%	15%	2.0x	2.0x	5.9x	6.1x	7.4x	7.2x	5.4x	5.5x
Doximity	38%	\$5,051	\$4,373	7%	6%	49%	48%	42%	42%	49%	48%	7.1x	6.7x	14.4x	13.8x	19.3x	19.0x	20.3x	19.0x
Box	92%	\$4,593	\$5,171	9%	9%	31%	32%	28%	29%	38%	37%	4.1x	3.8x	13.2x	11.9x	11.2x	10.8x	21.9x	19.5x
Klaviyo	47%	\$4,479	\$3,759	24%	20%	16%	16%	16%	17%	40%	37%	2.6x	2.2x	16.3x	13.1x	19.2x	14.7x	19.2x	14.8x
CCC Intel. Solutions	70%	\$3,923	\$5,186	10%	9%	42%	43%	26%	27%	36%	36%	4.4x	4.1x	10.6x	9.6x	--	--	14.8x	12.8x
BILL Holdings	74%	\$3,628	\$3,450	12%	11%	24%	27%	23%	25%	35%	36%	2.3x	2.1x	9.7x	7.8x	11.8x	9.4x	13.1x	10.5x
Q2	73%	\$3,457	\$3,389	11%	10%	28%	29%	25%	27%	37%	37%	4.0x	3.7x	14.4x	12.4x	16.3x	14.2x	19.1x	16.1x
Freshworks	91%	\$3,337	\$2,707	15%	14%	26%	27%	27%	29%	43%	43%	3.0x	2.6x	11.4x	9.8x	13.2x	12.1x	19.1x	15.4x
monday.com	37%	\$3,317	\$2,482	19%	15%	17%	18%	19%	21%	39%	36%	1.8x	1.6x	10.7x	8.6x	12.6x	9.3x	14.3x	11.7x
SPS Commerce	72%	\$2,968	\$2,801	5%	6%	34%	35%	24%	24%	29%	30%	3.6x	3.4x	10.7x	9.7x	16.1x	13.9x	16.8x	15.5x
Braze	67%	\$2,851	\$2,539	24%	18%	10%	13%	10%	12%	34%	30%	2.8x	2.3x	27.5x	18.6x	31.9x	22.1x	40.6x	25.9x
Intapp	76%	\$2,770	\$2,630	14%	14%	23%	24%	24%	24%	38%	39%	4.4x	3.9x	19.7x	16.2x	20.9x	17.6x	25.2x	20.4x
Five9	85%	\$2,541	\$2,692	10%	10%	25%	26%	14%	15%	24%	25%	2.4x	2.2x	9.8x	8.5x	14.9x	13.0x	10.4x	9.0x
Appian	77%	\$2,526	\$2,654	17%	11%	13%	14%	11%	12%	28%	23%	3.2x	2.9x	25.0x	20.4x	28.7x	22.2x	32.7x	24.8x
Flywire	89%	\$2,129	\$1,836	26%	16%	23%	25%	17%	18%	43%	34%	2.4x	2.1x	10.6x	8.4x	--	--	41.9x	24.3x
Asana	54%	\$1,930	\$1,848	9%	8%	12%	14%	14%	16%	23%	24%	2.2x	2.0x	17.4x	14.6x	--	--	23.3x	18.7x
nCino	66%	\$1,917	\$2,188	9%	9%	27%	29%	21%	23%	30%	32%	3.4x	3.1x	12.5x	10.6x	14.0x	10.6x	14.0x	11.8x
Vertex	44%	\$1,911	\$2,004	11%	10%	25%	28%	12%	17%	23%	27%	2.4x	2.2x	9.6x	7.7x	19.6x	13.1x	14.4x	11.8x
Blackbaud	59%	\$1,889	\$2,158	4%	5%	37%	38%	25%	25%	29%	30%	1.8x	1.7x	4.9x	4.6x	6.4x	5.8x	7.9x	7.0x
C3.ai	54%	\$1,767	\$1,122	(21%)	1%	(66%)	(44%)	(57%)	(36%)	(79%)	(34%)	4.6x	4.5x	--	--	--	--	--	--
Amplitude	94%	\$1,730	\$1,599	19%	17%	5%	7%	6%	8%	25%	25%	4.1x	3.5x	84.8x	49.7x	--	--	197.9x	83.0x
BlackLine	45%	\$1,542	\$1,729	10%	11%	29%	30%	21%	23%	31%	33%	2.6x	2.4x	9.0x	7.8x	12.1x	10.2x	10.6x	9.6x
Alkami Tech	55%	\$1,464	\$1,741	19%	17%	18%	21%	11%	16%	31%	32%	3.3x	2.8x	17.9x	13.1x	--	--	17.3x	12.4x
Phreesia	43%	\$641	\$636	8%	5%	25%	27%	15%	16%	23%	20%	1.2x	1.2x	5.1x	4.4x	8.8x	6.4x	41.2x	16.5x
Expensify	80%	\$205	\$125	(5%)	2%	18%	18%	10%	14%	6%	16%	1.0x	1.0x	5.4x	5.5x	22.5x	11.3x	18.8x	20.5x
Mean ⁽¹⁾	68%			13%	11%	29%	30%	23%	25%	36%	36%	5.3x	4.6x	18.6x	15.0x	22.6x	18.5x	28.1x	22.1x
Median	72%			11%	10%	29%	30%	24%	25%	37%	37%	4.0x	3.7x	12.6x	11.3x	17.4x	14.7x	18.9x	15.8x

Source: FactSet, as of September 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

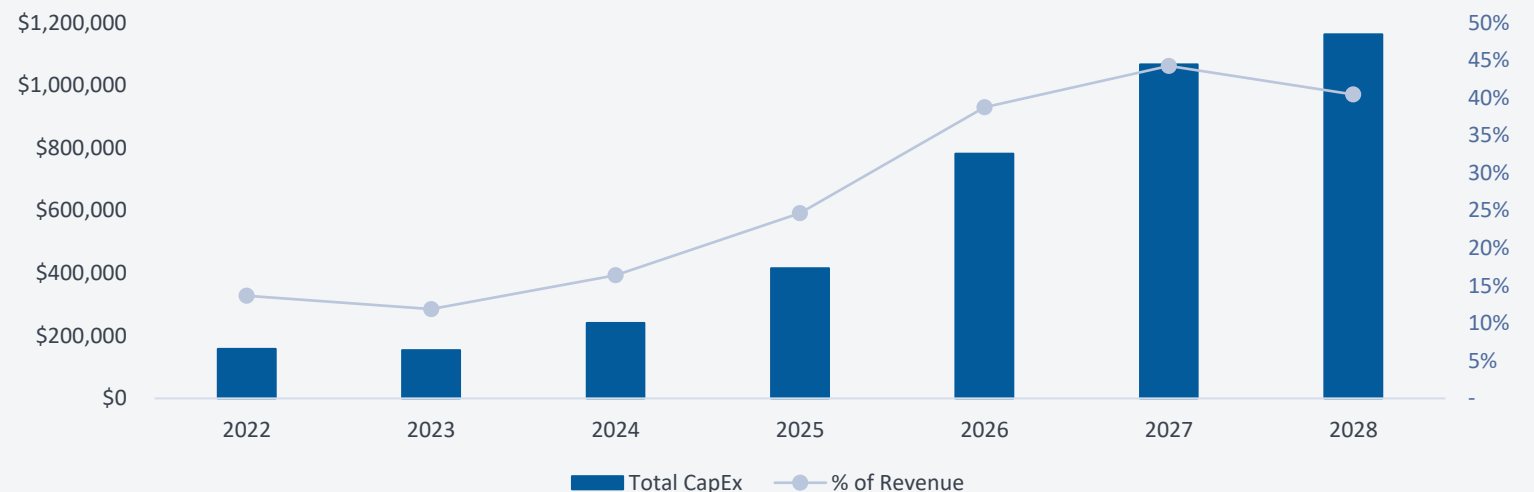
CapEx (\$Millions)						
	META	GOOG	MSFT	AMZN	ORCL	Total
2016	\$4,491	\$10,212	\$9,114	\$6,737	\$1,628	\$32,182
2017	\$6,733	\$13,184	\$8,696	\$11,955	\$1,986	\$42,554
2018	\$13,915	\$25,139	\$14,223	\$13,427	\$1,520	\$68,224
2019	\$15,102	\$23,548	\$13,546	\$16,861	\$1,575	\$70,632
2020	\$15,115	\$22,281	\$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	\$136,024	\$201,084	\$146,852	\$219,756	\$77,771	\$781,487
2027	\$187,209	\$304,982	\$205,577	\$276,738	\$92,083	\$1,066,590
2028	\$204,823	\$343,117	\$226,492	\$299,152	\$88,788	\$1,162,372

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%	120%	77%	67%	96%	88%
2027	38%	52%	40%	26%	18%	36%
2028	9%	13%	10%	8%	(4%)	9%

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	\$254,169	\$497,844	\$356,848	\$828,515	\$80,889	\$2,018,265
2027	\$305,720	\$612,998	\$428,282	\$949,774	\$114,259	\$2,411,033
2028	\$360,868	\$734,396	\$516,911	\$1,101,106	\$160,947	\$2,874,228

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%	27%	96%	39%
2027	61%	50%	48%	29%	81%	44%
2028	57%	47%	44%	27%	55%	40%

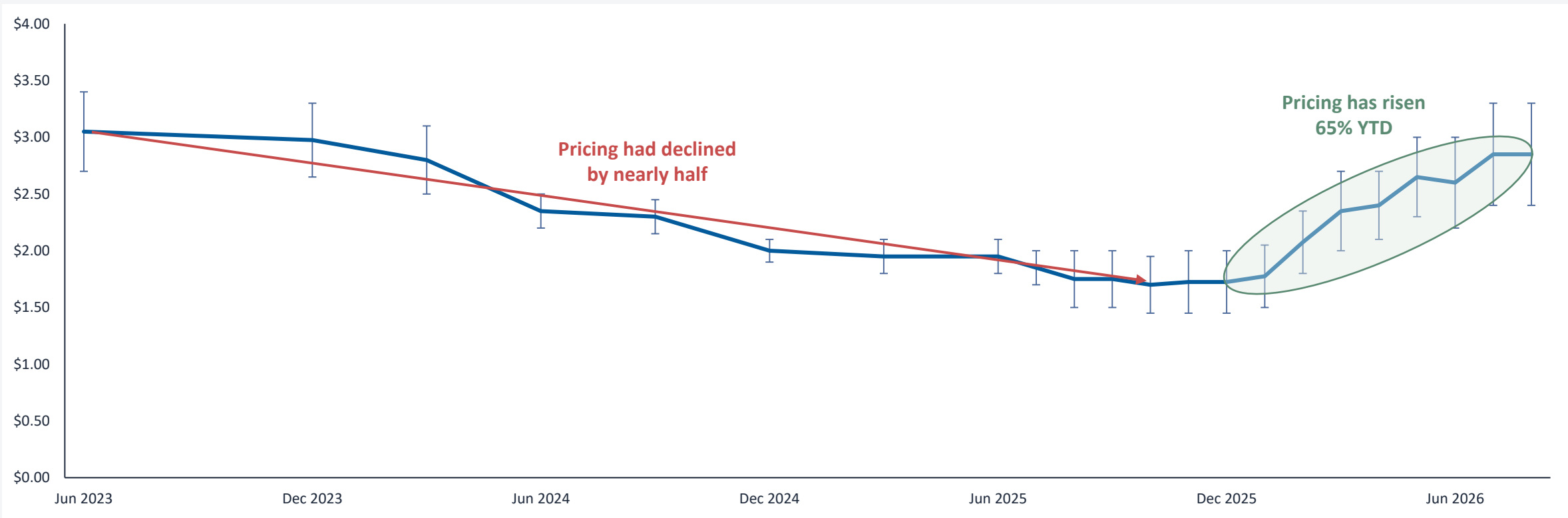
Total CapEx (META + GOOG + MSFT + AMZN + ORCL)



GPU Rental Pricing

GPU rental pricing had declined roughly 45% from H1 2023 to its trough in October 2025, before rebounding 65% in the YTD period through August 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.

GPU Rental Pricing (1 Year Contract)



Source: SemiAnalysis, as of October 1, 2026 ([link](#)). Pricing through August 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⁾ \$2T (in talks)

Frontier LLM lab building the Claude model family and the Claude Code and Cowork products.

OpenAI ⁽²⁾ \$1.4T (in talks)

Frontier LLM lab building the ChatGPT 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 \$24B

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 (in talks)

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.

Crusoe \$31B

AI optimized cloud infrastructure and tools for model training and deployment.

VAST Data \$30B

Unified storage, database, and compute data platform built for AI workloads and neoclouds.

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 \$48B

Builds Devin, an autonomous AI software engineer, and owns the Windsurf IDE.

Lovable \$13B

Platform generating production web apps from natural-language prompts.

Replit \$9B

Browser-based platform letting non-technical users build apps via AI agents.

Applied AI

ElevenLabs \$22B

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

Perplexity \$20B

AI-powered search and discovery tools designed for answering questions and exploring topics.

Sierra \$16B

Enterprise conversational and customer-experience AI agents.

Harvey \$16B

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 September 29, 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 Q2 2026 revenue \$11.5B (~\$46B annualized) per draft S-1 (TechCrunch)

(2) OpenAI ~\$70B run-rate September 2026 (Axios)

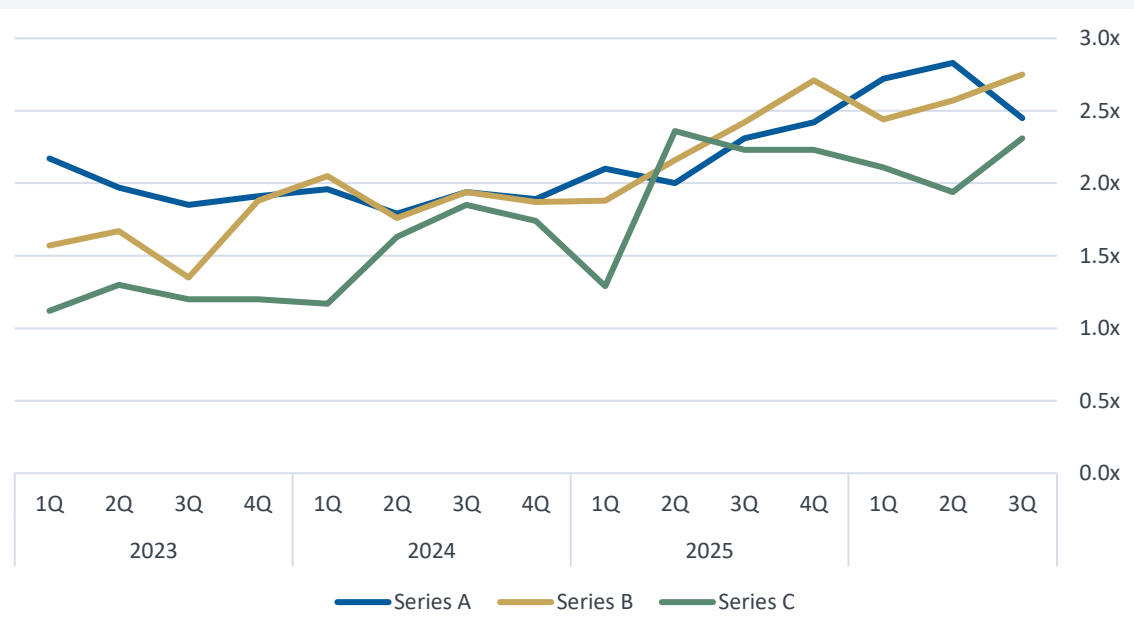
AI Capital Formation: Round Dynamics

AI valuation step-ups are back to 2022 levels, as round sizes continue to grow.

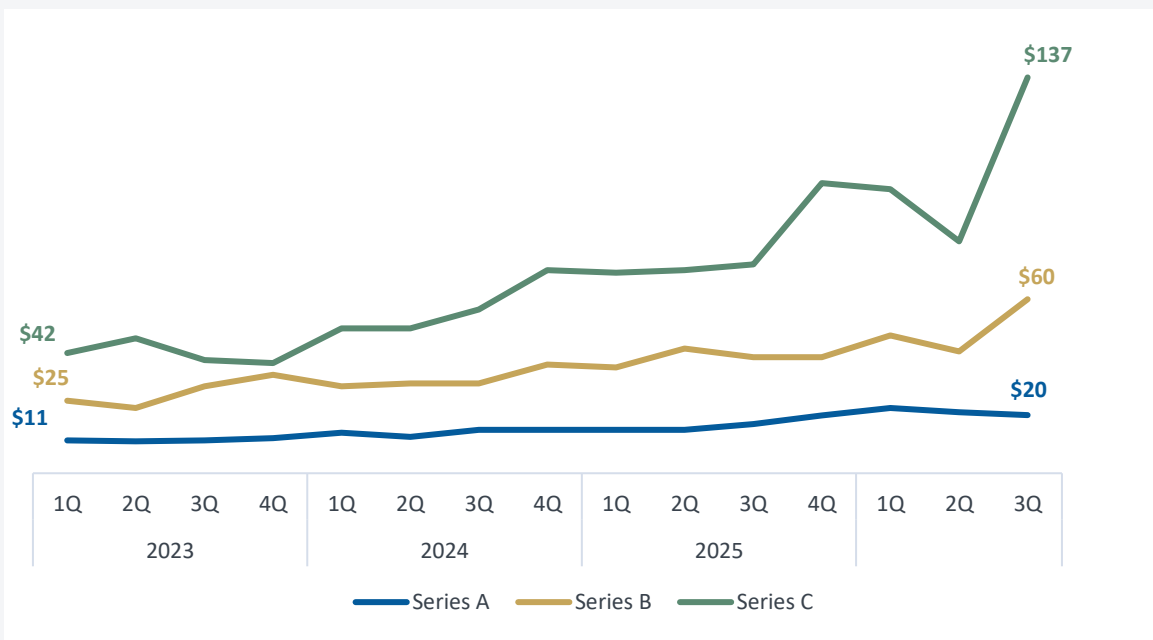
Series B step-ups reached 2.75x in 3Q, above their 2022 average of 2.67x, and Series C matched its 2022 average at 2.31x. Series A step-ups eased from their 2Q post-2022 high of 2.83x, while Series B set post-2022 highs in both step-up and median round size. The Series C median round size jumped to \$137M, but that reflects a thin quarter of smaller rounds, with 8 below \$100M against about 20 in each prior quarter. It also reflects a heavier mix of AI chip and photonics raises (Positron, Lumilens, Etched), not necessarily broad-based inflation.

The last time step-ups were this high, they compressed sharply the following year: Series B fell from 2.67x in 2022 to 1.58x in 2023, and Series C from 2.30x to 1.24x. Today's cohort has been valued for a path to later rounds and an exit market that remain narrow and concentrated in a handful of names. Investors are paying up for category creation in AI before that path has cleared.

Median Valuation Step-Up by Round



Median Round Size (\$M)

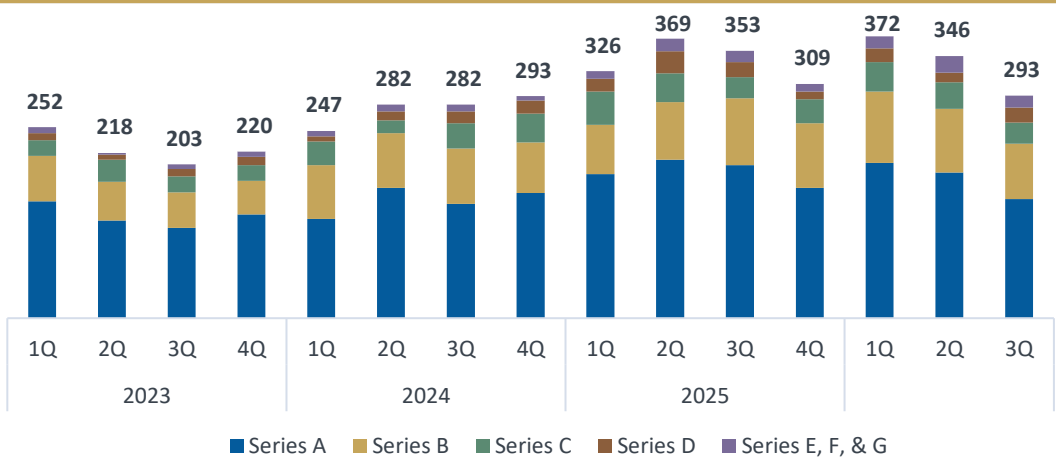


AI Capital Formation: Deal Flow

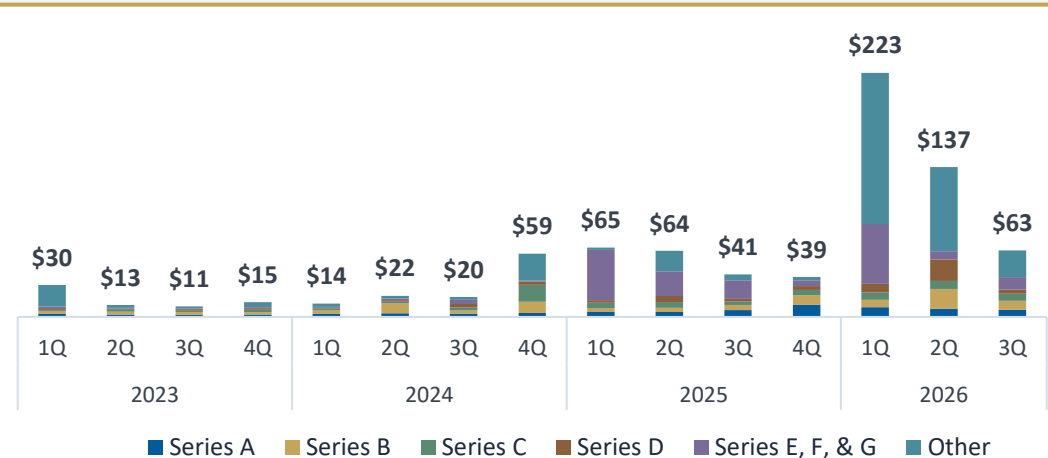
AI venture funding is broad at the base and concentrated at the top. Deal count has nearly doubled from the late-2023 trough, led by Series A/B as the 2023-24 company-formation wave matured, and has plateaued near those highs over the past year. Series C/D activity now runs ~60% above its 2023 pace as the cohort ages into later rounds. Despite being thin by count, late-stage and unlabeled mega-rounds now attract an overwhelming majority of capital: 80% 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 \$223bn. Anthropic's \$65bn raise in Q2 2026 accounts for nearly half of the quarter's volume on its own. Without a comparable round, Q3 fell back to \$63bn, in line with 1H 2025.

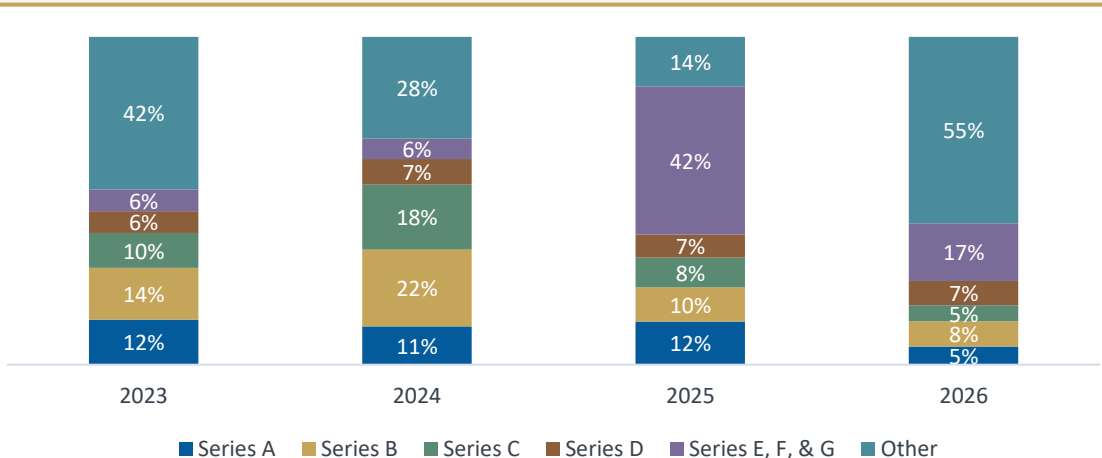
Deal Count by Stage



Deal Volume by Stage (\$bn)



Deal Volume by Stage (% of Total)



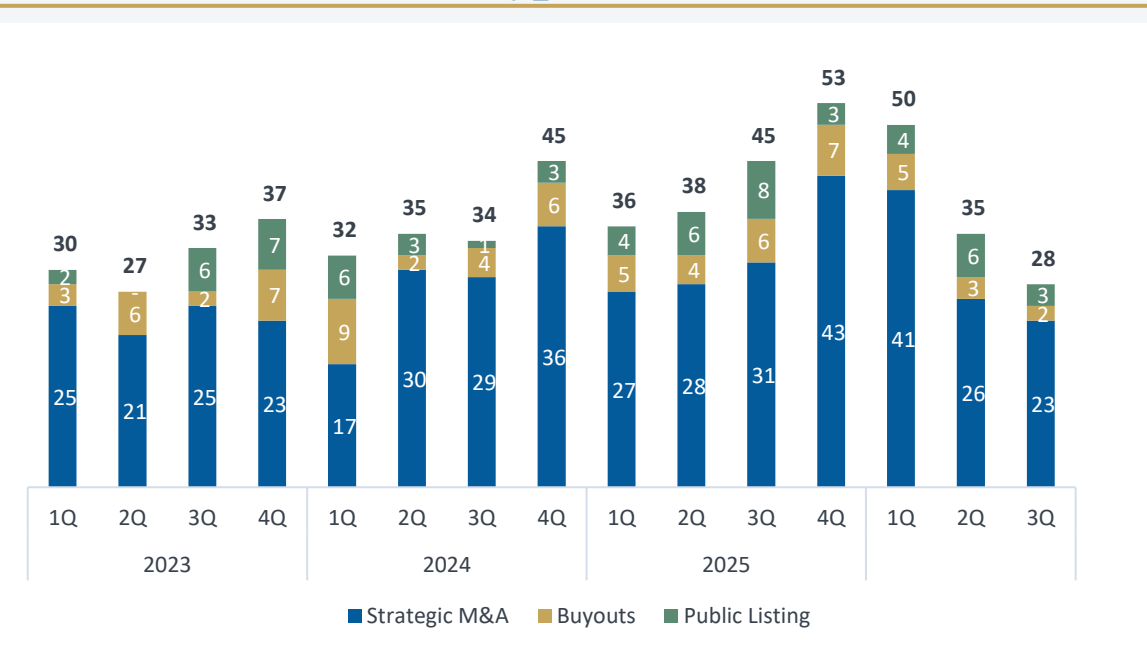
Exit Environment

The exit environment is recovering off its trough but remains narrow and M&A-dependent. In recent years strategic acquisitions account for ~75-80% of all tech exits by count. The IPO window has gradually reopened, though the anticipated SpaceX-led IPO supercycle has been put on hold as high-profile IPOs (Anthropic, OpenAI, Oura) have been delayed due to market conditions and AI-specific concerns.

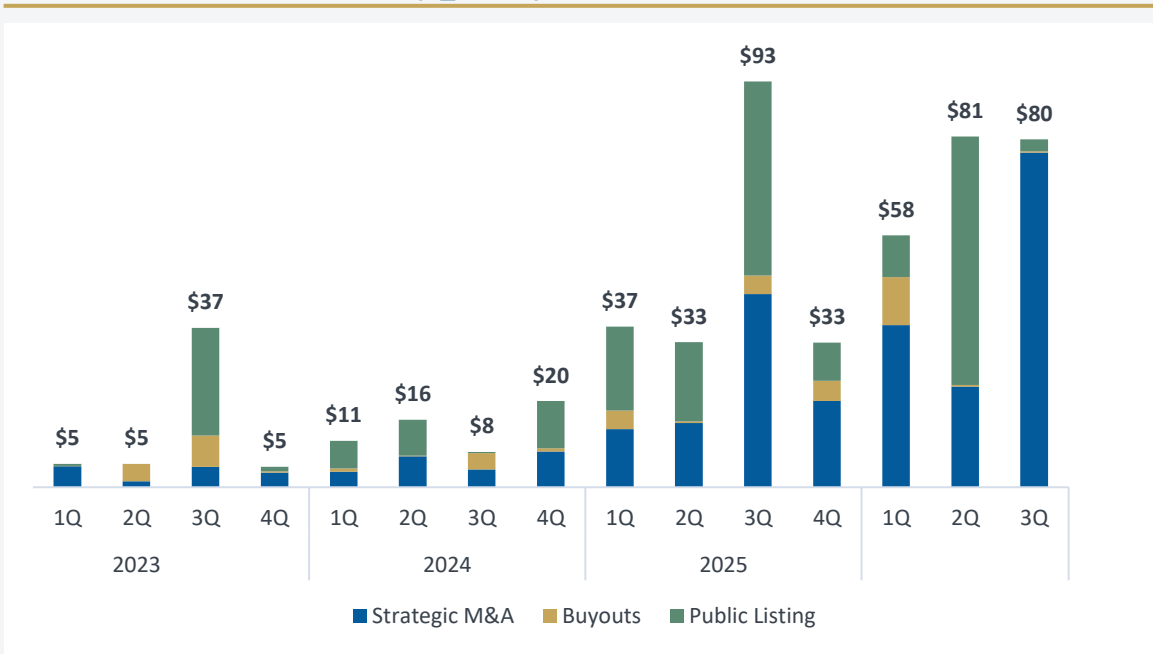
Headline exit value is dominated by a handful of outsized transactions rather than broad-based liquidity. The SpaceX acquisition of xAI and subsequent IPO are so large as to distort the entire chart, and are therefore excluded from the view below. The periodic spikes in public-listing value reflect a few large IPOs clearing the backlog rather than a broadly reopened window. Similarly, SpaceX's \$60bn acquisition of Cursor in Q3 2026 accounts for 75% of total exit volume in the quarter.

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)



Appendix

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

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 Grp, 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, Procure 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, Samsara, 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

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