



FOR INVESTORS - MARKET NOTE

The software moat just got repriced.

Five years of public and private market data on what happens when code stops being a barrier to entry.

-37%

SOFTWARE ETF (IGV),
SEPT 2025 PEAK TO APRIL 2026 LOW

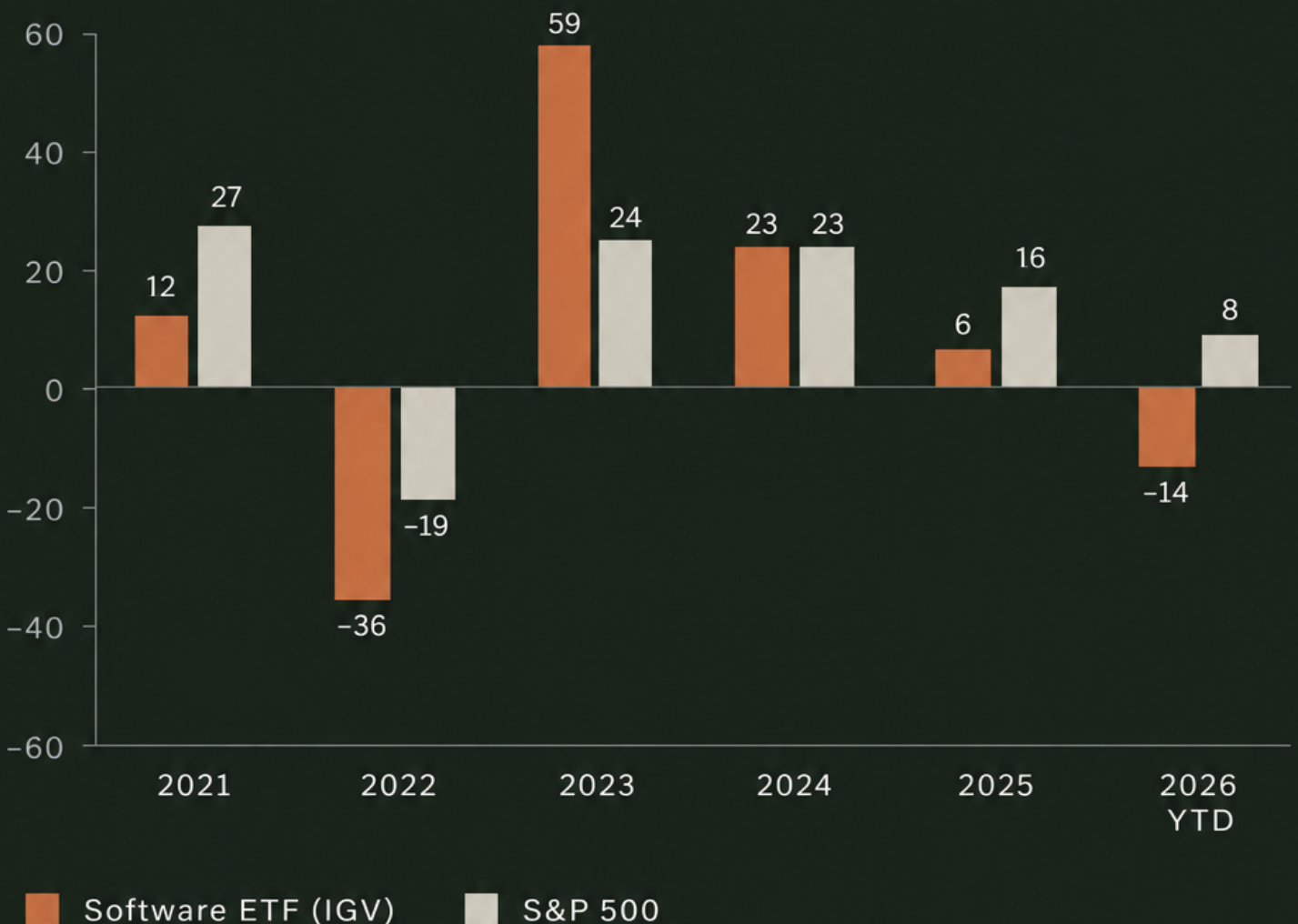
IGV peak-to-low decline per Schwab Network, 2026.



FIVE-YEAR RETURNS

Software returned **+28%**.
The S&P 500 returned **+97%**.

ANNUAL PRICE RETURN, %



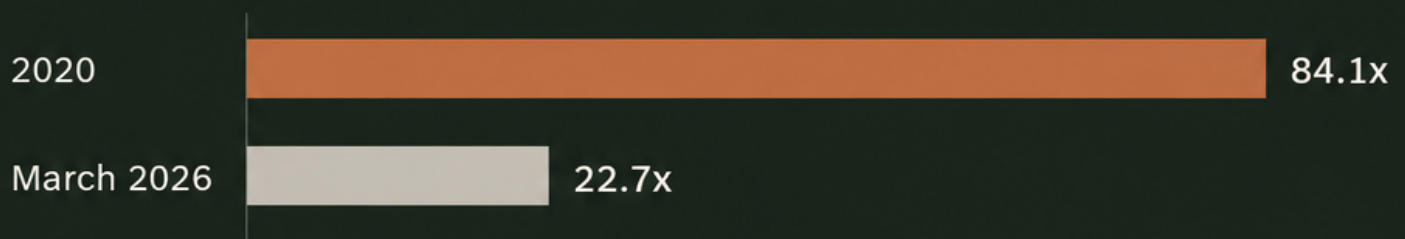
Source: Trefis. Annual price returns; cumulative since start of 2021;
2026 data through July 28, 2026. Past performance does not predict future results.



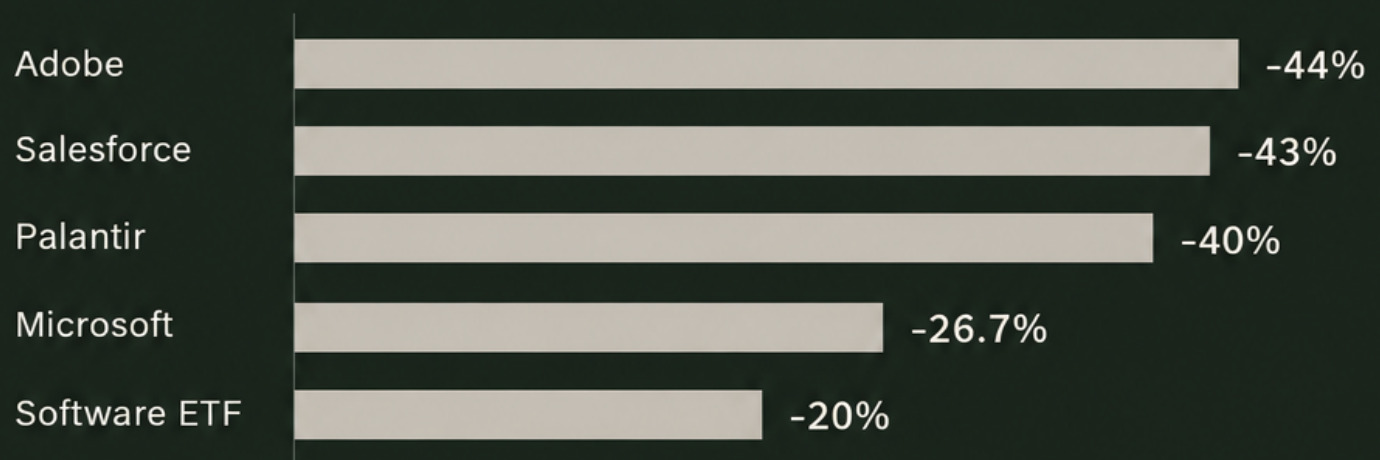
VALUATION DECLINE

Multiples fell from 84x to 23x.

Software forward P/E, 2020 vs March 2026



Year-to-date share price, late June 2026



\$2.4T of public enterprise software value
erased from the October 2025 peak.

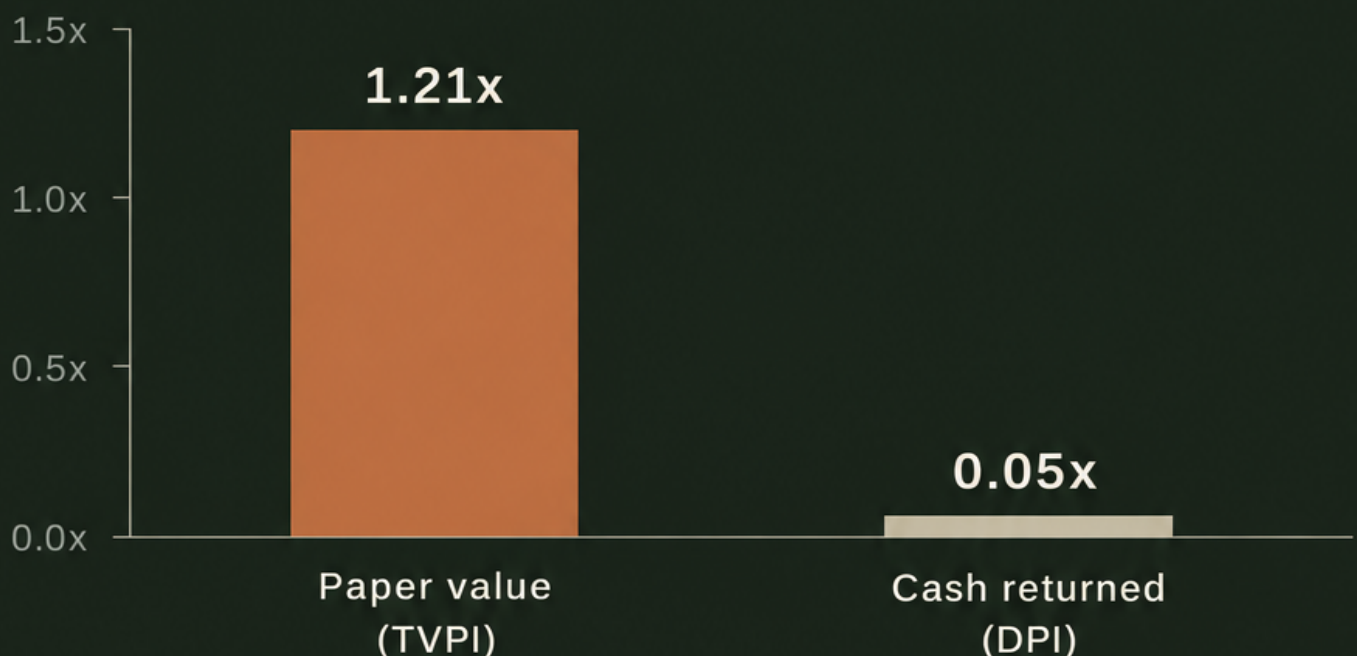
Software rebounded 21% in May: a repricing, not an extinction.

Sources: IGV forward P/E via Lynton (Mar 2026); POEMS 1Q26 Software Update (Jun 2026);
Sapphire Ventures 2026 Software x AI Report; CNBC.



VENTURE RETURNS

The 2021 vintage is paying in **paper**, not cash.



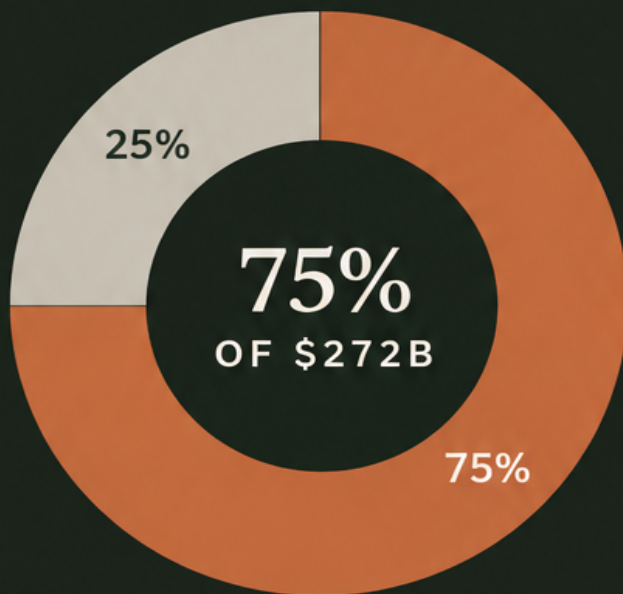
25% of 2021-vintage funds had returned any cash at all by Q3 2025. Year-five DPI is the lowest this century, though early DPI is an imperfect predictor of final returns.

Sources: PitchBook, Q2 2026 US VC Fundraising & Valuations; Carta, Q3 2025 fund data. TVPI = total value to paid-in; DPI = distributions to paid-in.



WHERE THE CAPITAL WENT

Three-quarters of software funding went to **two companies.**



- **Two AI labs**
75% of roughly \$272B raised by software companies in 2026
- **414 other companies**
Split the remaining 25%

OUR VIEW

83% of software venture dollars went to AI in Q1 2026. Our view: that is late-stage capital. By the time most investors can write the check, the upside is priced in.

Sources: Toolradar, 2026 software funding landscape (449 rounds, 416 companies); Carta, State of Private Markets Q1 2026.



WHAT CAN'T BE COPIED

Code gets copied overnight. Ecosystems don't.

Soil. Water. Energy infrastructure.
Real assets are built, tended and
earned over time, and no one can
copy them with a click.

Backing a future
beyond extraction.

HOUSING & COMMUNITY

COMMERCE

AGRICULTURE

ENERGY & TECHNOLOGY

HEALTHCARE

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