

A background image showing a rowing team in a boat, with several oars visible. The image is slightly blurred and has a dark overlay.

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Inside the
BUY-SIDE®

Tech Sentiment Survey

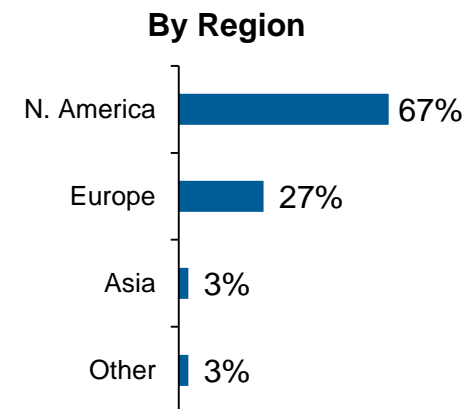
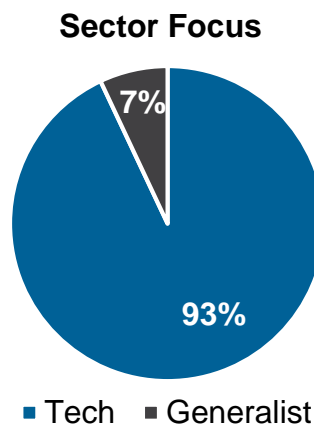
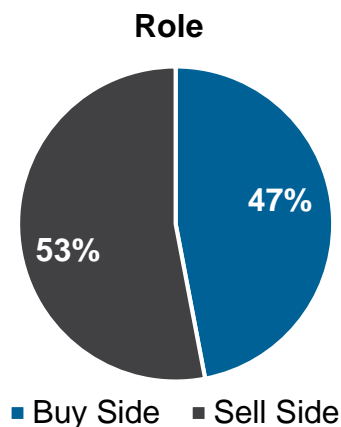
July 26, 2016

Inside The Buy-side® Tech Sentiment Survey

- Every quarter, we survey institutional investors on topics pertaining to the upcoming earnings season, global economy and market drivers
- We share our research broadly with executives, investor relations (IR) professionals and investors
- Survey scope: 30 investors globally managing over \$539 billion in assets
- Survey timeframe: November 13 to December 8, 2016
- Survey timeframe: June 22 to July 25, 2016

Market Performance		
	2Q16	One-Year ¹
S&P 500	2.0%	1.9%
S&P Technology	(3.3%)	3.1%

¹As of 6'30'16



Quarterly Tech Sector Sentiment Survey

#1 Sentiment And Outlooks Best Described As Stabilizing But We Are Not Out Of The Woods Yet

- Investors largely characterize their sentiment as neutral to bullish
- 50% believe 2Q results will be in line with consensus, up from 38% in March
- Key performance metrics (revenue, EPS, FCF and margins) anticipated to remain the same QoQ with a notable uptick in those believing performance will actually improve (except for FCF)

#2 Investors Slowly Dipping Toes Back In The Water; Significant Investment Shifts Identified

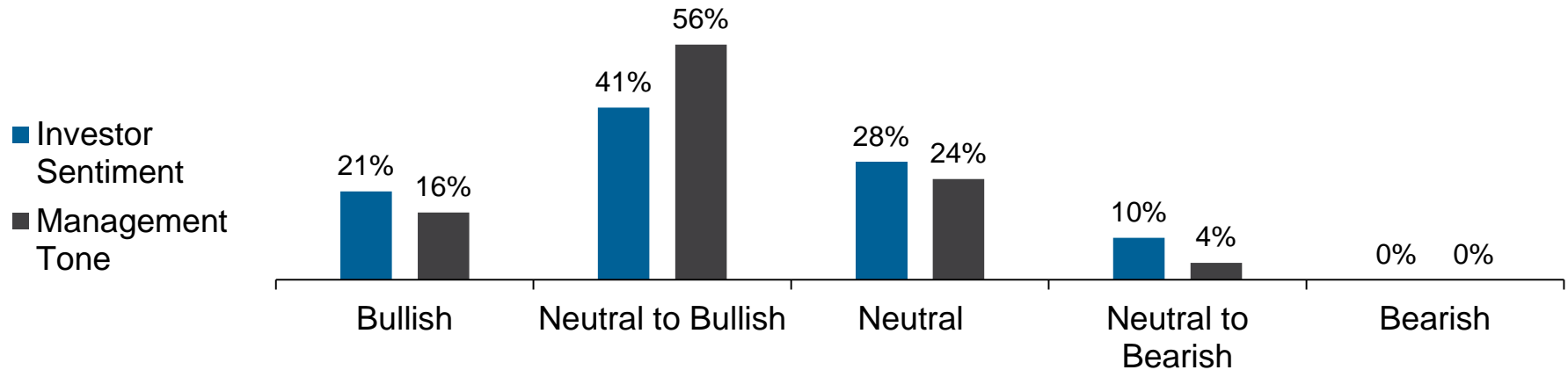
- 58% describe their recent buying activity as holding or rotating within Tech; net buyers continue to increase
- Sentiment on software remains intact (aided and unaided) while communications equipment saw the greatest reversal in positive sentiment
- Cloud is the most attractive investment theme while analytics whipsawed negatively

#3 Expectations For The IPO Market Are Improving

- Views that 2016 could see more IPOs are growing; sentiment is generally split between 4Q16 and 1H17

Sentiment Is Squarely In The **Neutral To Bullish** Zone Amid Macro And Global Capex Concerns

What Is Your Sentiment Toward Tech And How Would You Characterize Management Tone?



Bullish

“A balance between strong fundamentals with uncertain macro and lofty street expectations.” **Sell Side, N.A.**

“Management is bullish; they are reassuring the markets on the resiliency of their sector. It is not that they have a very bullish tone but that things are not so bad.” **Buy Side, Europe**

Neutral

“We have quite a few buys and sells; there is probably a reversion to the mean going on. With regard to management, we have heard some upbeat comments but we have yet to see it play out in the numbers.” **Sell Side, Europe**

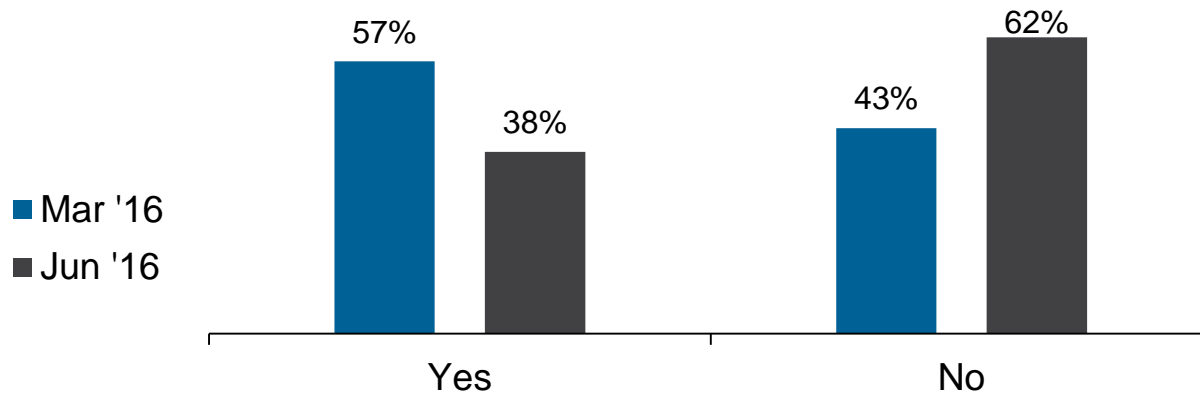
Bearish

“Short-term setbacks not likely to affect longer-term trends (I hope).” **Sell Side, Europe**

“End market growth sluggish, consumer spending softening.” **Buy Side, N.A.**

Investors Remain Wary Of Market Volatility

Has Your Sentiment Improved From The Beginning Of 2016?



Improved

"We've rebounded nicely off the lows in February." **Sell Side, North America**

"We had very low visibility in Q1. From an investor point of view, Brexit has clarified a lot even though the result was to exit." **Sell Side, Europe**

"It is becoming more clear Trump will lose." **Buy Side, North America**

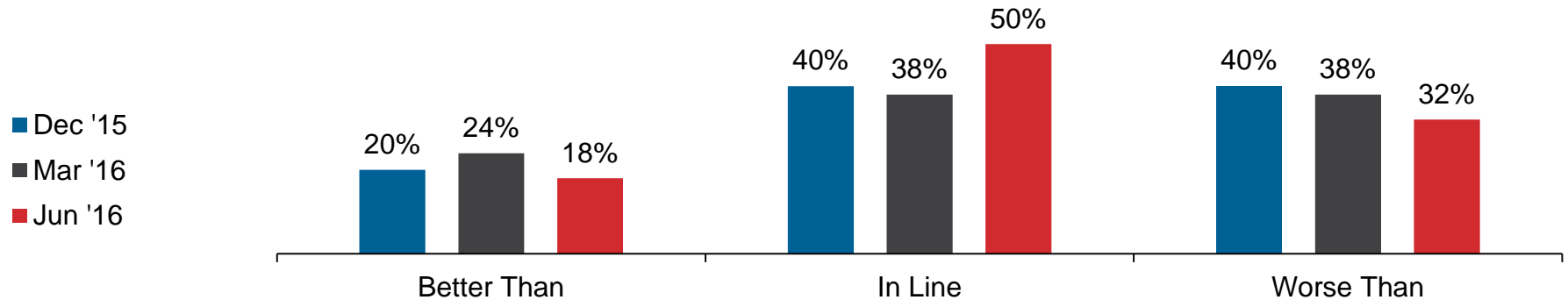
No Change

"It dropped early in the year with share prices but has rebounded since then, so netting things out, sentiment is flat." **Sell Side, North America**

"The whole global economy cannot come out strong without some fiscal stimulus. There is nothing happening, progress is impotent." **Buy Side, North America**

Views Are In Line Despite Management’s Slightly Bullish Tone

What Are Your Expectations For 2Q16 Earnings Relative To Consensus?



Better Than

“IT structural growth.” **Sell Side, Europe**

In Line

“Uncertain macro environment.” **Sell Side, N.A.**

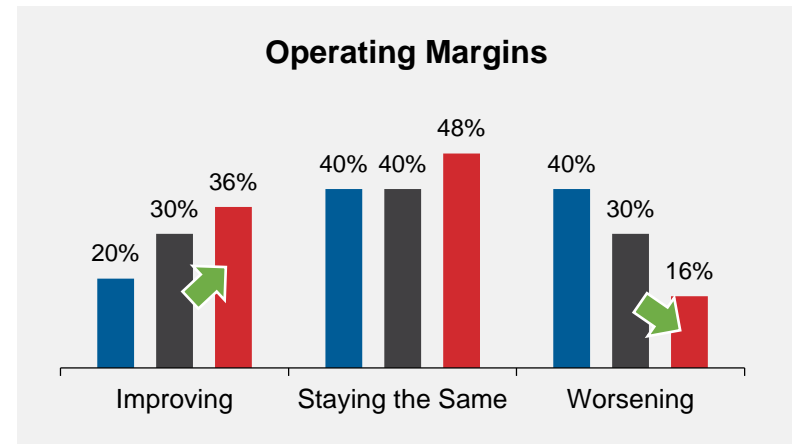
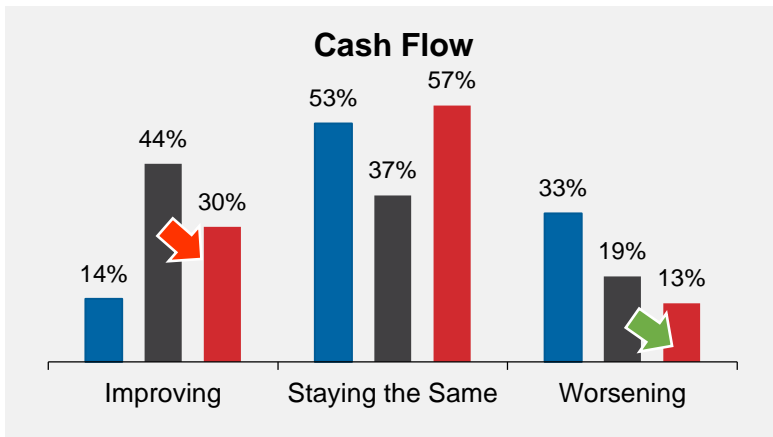
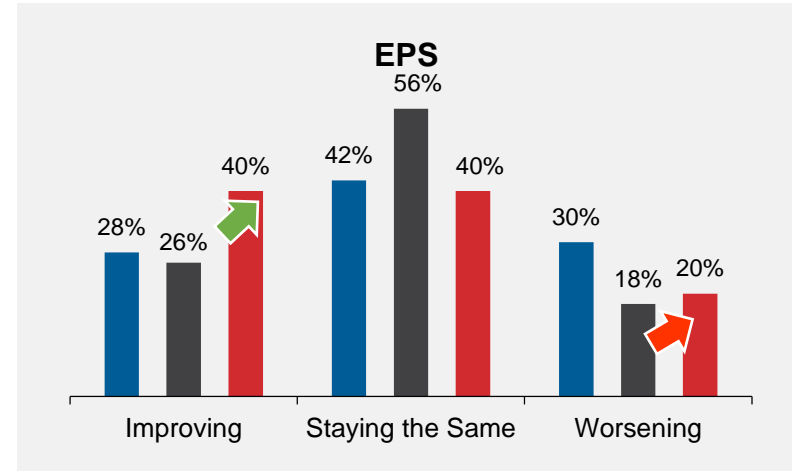
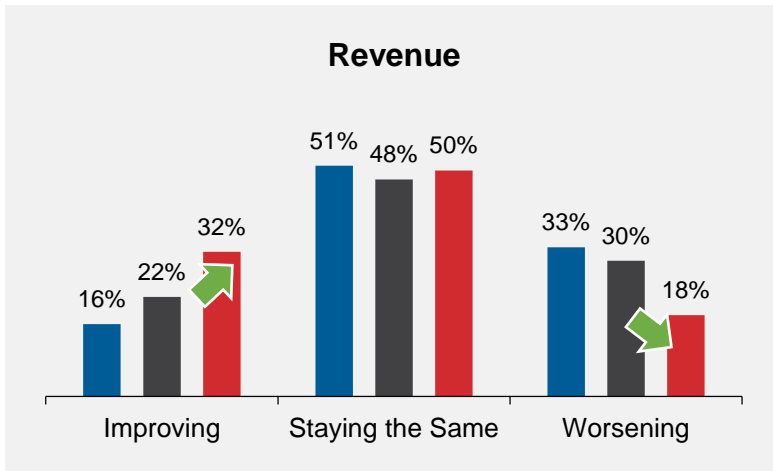
“Fundamental checks.” **Sell Side, N.A.**

Worse Than

“Overblown Brexit uncertainty.” **Buy Side, N.A.**

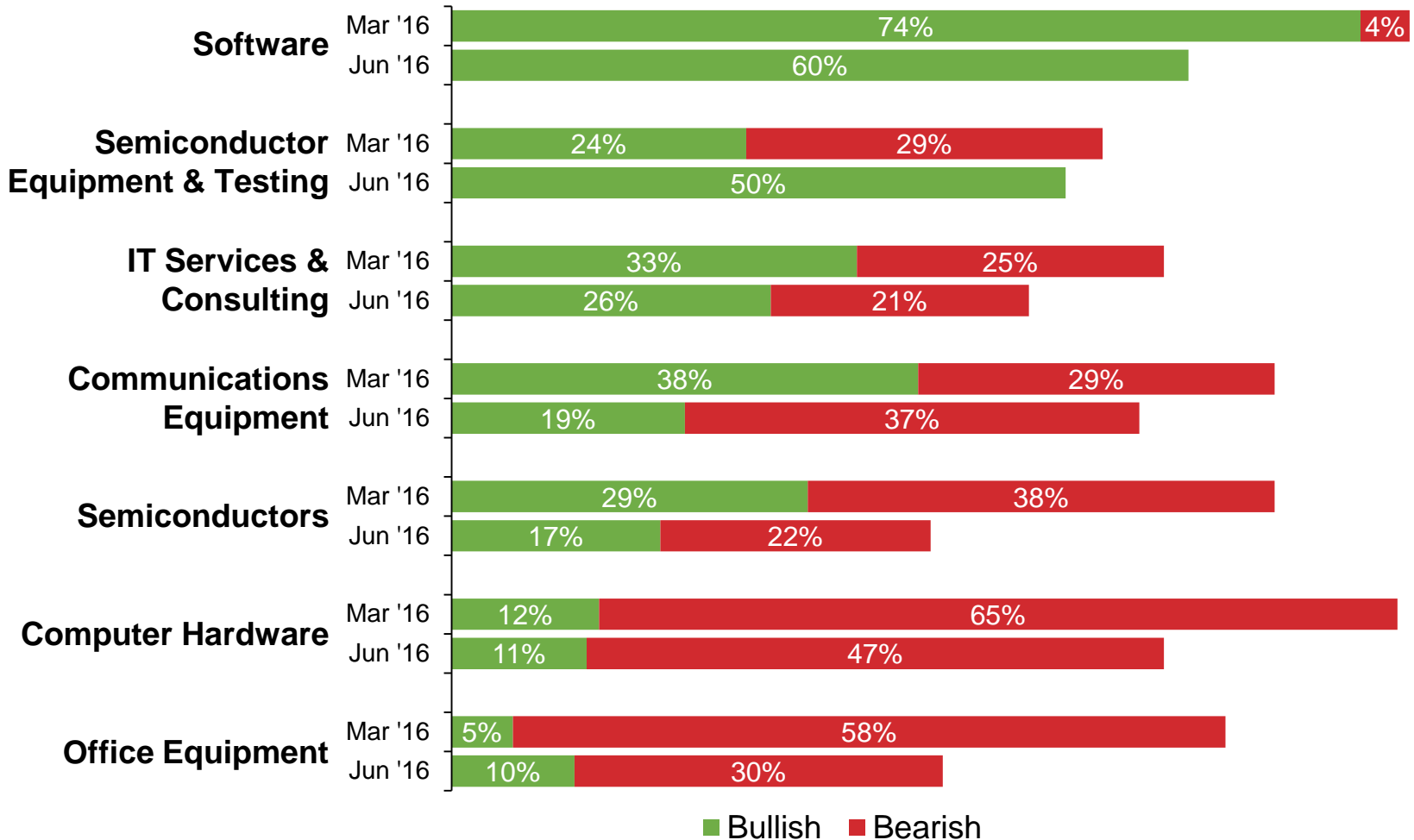
“Brexit.” **Buy Side, N.A.**

While KPIs Largely Expected To Remain The Same (**#Stabilization**), Belief In Improvement Continues To Gain



■ Dec '15 ■ Mar '16 ■ Prior ■ Current

Bull-only Software, Semi Equipment & Testing; Bearishness Eases Except For Communications Equipment



Software

Bullish

"It's for the long term." **Buy Side, N.A.**

"Software is eating the world." **Sell Side, N.A.**

"Cloud transition still a key theme." **Sell Side, N.A.**

Neutral

"Short term concerns regarding deal delays. Longer term positive as IT spending gravitates to software and away from hardware." **Sell Side, Europe**

IT Services

Bullish

"This is a constructive to overweight area." **Buy Side, N.A.**

Neutral

"It is a steady business. Our technology makeup will always have something in this area. Right now, it is a challenge for large, feasible products. Companies are looking for large signings. The business process seems to be doing slightly better than traditional consulting." **Buy Side, N.A.**

"Pockets of opportunity offset by legacy business in transition." **Sell Side, N.A.**

Communications Equipment

Bearish

“A number of challenging markets although the competitive landscape is now more stable.” **Sell Side, Europe**

“It is our biggest disappointment in the last three years. Carrier spending has not happened in the way we would have liked to see. The Chinese are still buying the older salvation products. The metal buildout has been majorly slow.” **Buy Side, N.A.**

Semiconductors

Bearish

“Mature industry.” **Sell Side, N.A.**

Neutral

“Nothing big is going on. It is a function of the economy also. The two areas of semiconductors we like are analog circuits and power management.” **Buy Side, N.A.**

“Depends on focus; anything smartphone- or PC-related is tough, automotive is okay and industrial/consumer who knows.” **Sell Side, Europe**

Computer Hardware

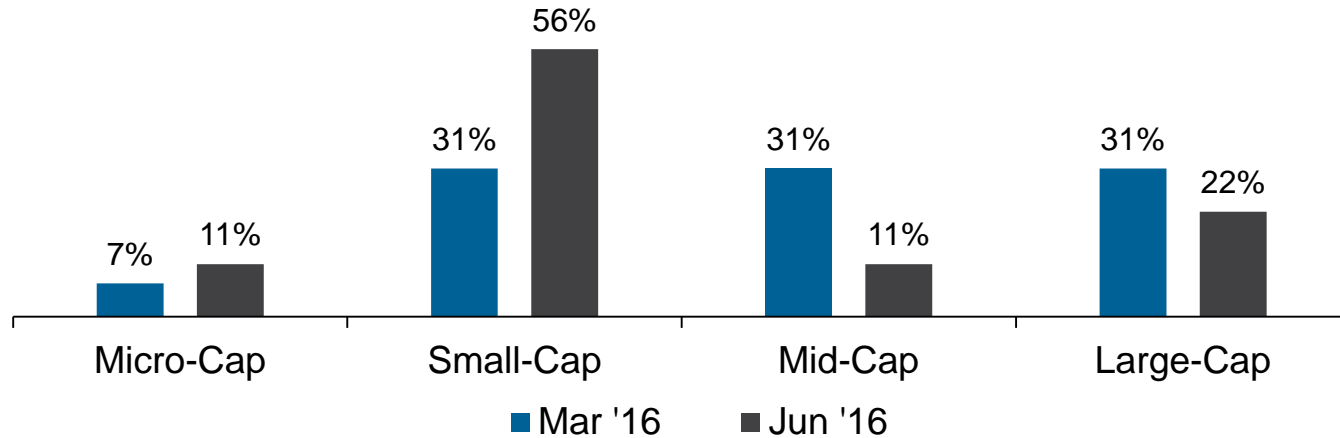
Bullish

“Often, investments you can delay.” **Sell Side, Europe**

“Secular decline.” **Sell Side, N.A.**

The Rise Of **The Small-cap**

What Investment Theme Is Currently Most Appealing?



Small-Cap

“Best valuations.” **Sell Side, N.A.**

“Valuations low, but liquidity big enough.” **Sell Side, N.A.**

“Market share gain stories.” **Sell Side, N.A.**

“Lots of M&A potential.” **Sell Side, N.A.**

Mid-Cap

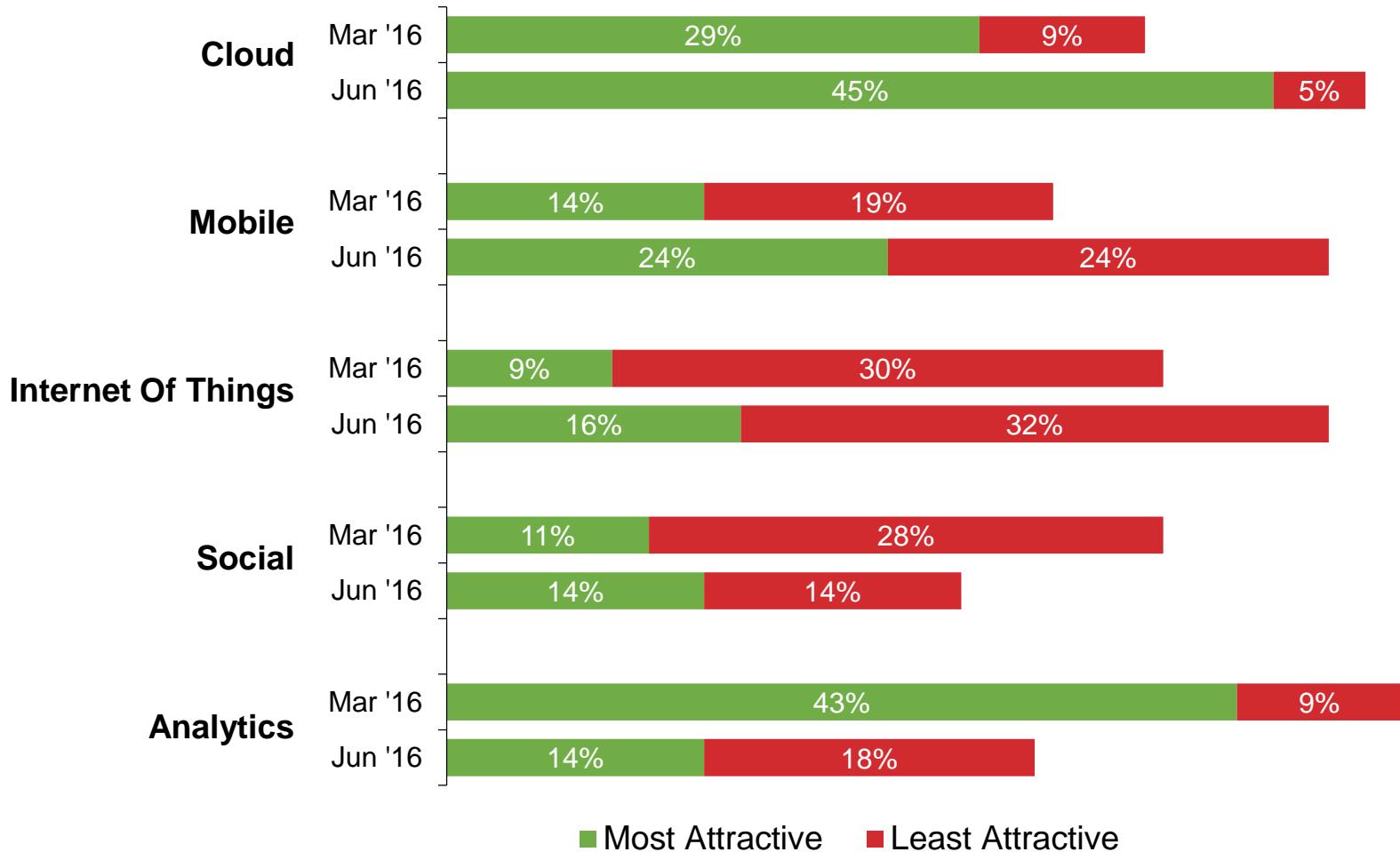
“Safety.” **Sell Side, Europe**

Large-Cap

“In my world (internet) it is large-cap. A lot of the growth is aggregating toward the larger players.” **Sell Side, N.A.**

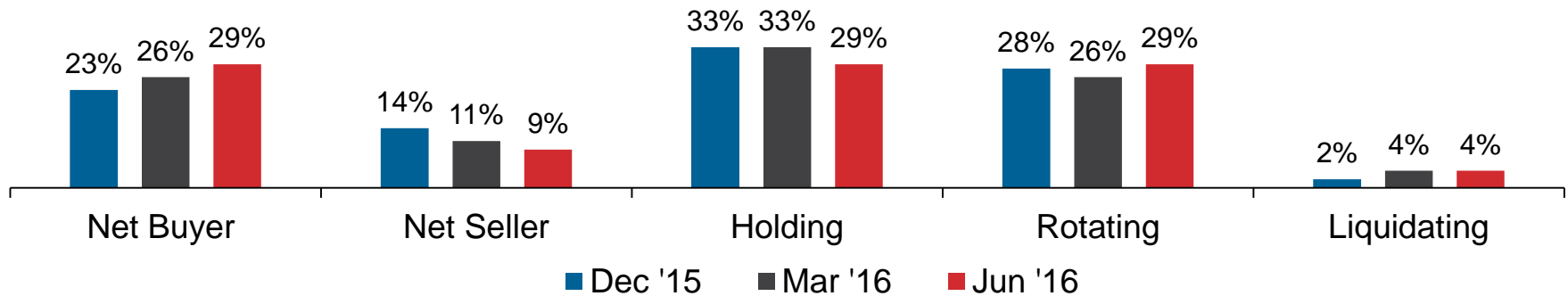
“Mainly as smaller companies can be sidelined at times of uncertainty and relatively illiquid stocks can be sold off precipitously.” **Sell Side, Europe**

Cloud Still “Reigning” While Analytics Falls From The Sky



Tech Investors Continue To Dip Their Toe In The Water

What Has Been Your Recent Activity In Tech?



Net Buyer

"Many good buying opportunities on pullback." **Buy Side, N.A.**

Rotating

"Investors are trying to capture individual themes." **Sell Side, N.A.**

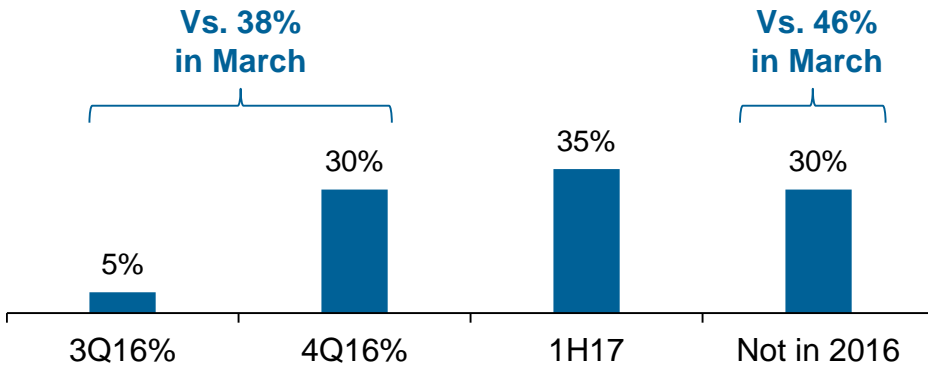
"We have over-weighted our benchmarks for the last seven years in technology. We are slightly overweighting our mid-cap product; our small cap product is just in line with our benchmarks." **Buy Side, N.A.**

Holding

"Valuations are getting expensive." **Sell Side, N.A.**

Views On IPO Market Thawing Somewhat And In The Meantime, There's A New Mega-cap In Town...#PrimeDay

When Do You Expect The Tech IPO Market To Show Signs Of Life?

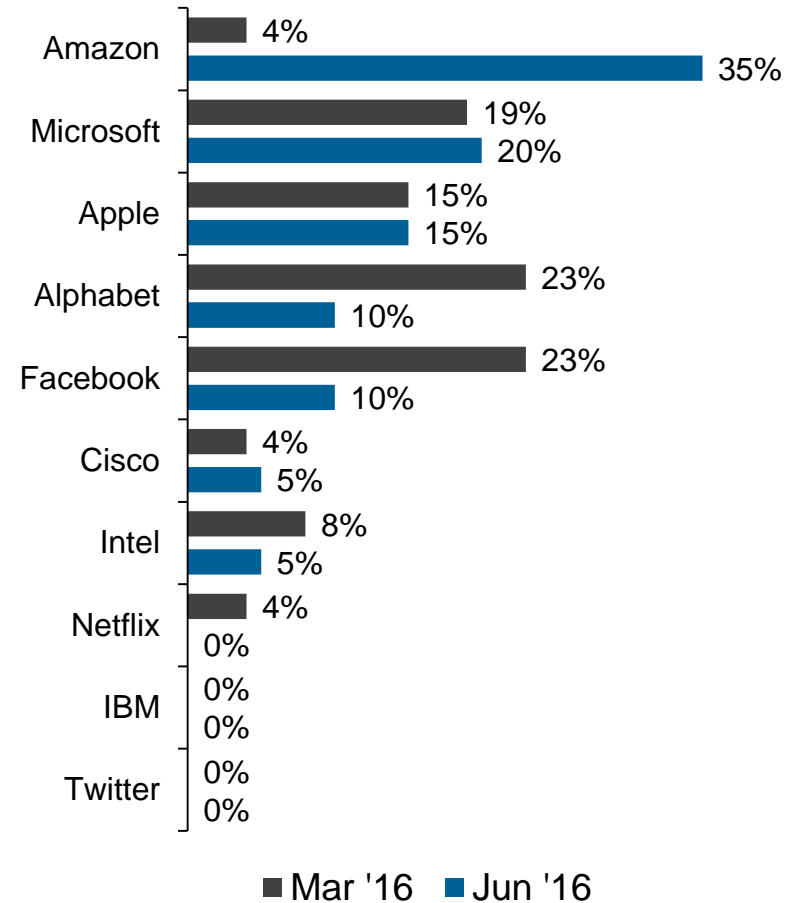


“Depends what area. If there are highly receptive models like Uber or Airbnb, they are already priced so high. I don’t see huge opportunities for the IPO market. Nowadays, if the business model is good, so much gets priced up in the beginning.” Buy Side, N.A.

“Public market valuations starting to improve, private money becoming harder to find.” Sell Side, N.A.

“Election and Brexit worries will delay.” Buy Side, N.A.

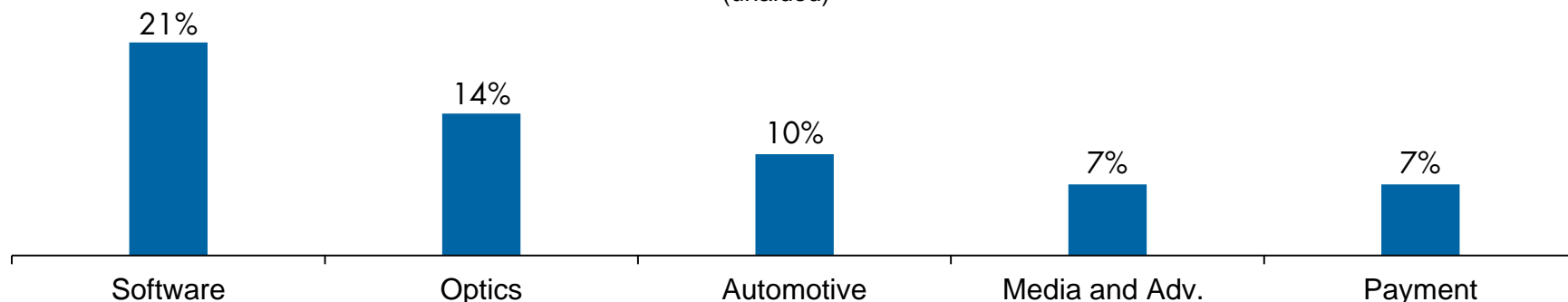
Which Tech Heavyweight Do You Expect To Outperform In 2017?



The Way To A Tech Investor's Heart... **Growth**

Where Do You See Opportunities For Growth In 2016?

(unaided)



And, Some Final Thoughts...

“FinTech, such as data processing for HR and other software businesses, has been the best performing sector in technology. Data analytics, along with security, are huge fields that are growing. However, publicly traded companies in those spaces are trading at hard-to-justify multiples.” **Buy Side, N.A.**

“Tech is a rapidly maturing industry.” **Sell Side, N.A.**

“Choppy until Q3 earnings reports and polls predict clear Hillary win.” **Buy Side, N.A.**

Our **passion** is creating value for public companies.

We are a catalyst – an investor relations (IR) advisory firm that partners with IR and C-suite executives to drive long-term shareholder value. We bring third-party objectivity as well as a best practice knowledge and collaborate with our clients to execute a sound, effective IR communications and engagement strategy.

Our proven methodology, proprietary analytics database, trusted reputation and in-depth experience generate unique insights. This marriage of research and rigor delivers comprehensive, actionable recommendations for internal and external value creation. We tailor strategies that enable high-impact decision making, secure maximum investor mindshare and ultimately, create long-term shareholder value.

From research-based insights to actionable strategies that differentiate our clients, Corbin unlocks thoughtful, positive change. We start by asking the right questions and end with providing actionable counsel that drives results.

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- SVP, Investor & Corporate Communications, Small-cap Healthcare IT

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