IT Hardware Industry

IT Hardware Takeaways from the BofA 2026 Global Technology Conference

Price Objective Change

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Equity
United States
IT Hardware

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Ticker	Old PO	New PO
IBM	$300	$315
NTAP	$150	$180
STX	$900	$1000
WDC	$572	$610

Themes: strong demand, supply restricted in some cases

AI infrastructure demand remains broader, deeper, and more durable with our conference reinforcing that beneficiaries extend across all segments of the IT Hardware landscape. Demand visibility is improving and companies with differentiated IP, scale, and supply access are benefiting on revenue, share, and margin expansion. Strong demand combined with restricted supply growth is helping reshape the memory and HDD markets with SNDK highlighting its new business models that include both volume commitments, as well as fixed pricing for an initial period, followed by variable pricing over the rest of the contract. Both STX and WDC remain focused on adding exabyte capacity via technology (higher areal density) without adding unit capacity. Following the bullish tone around sustainable strong demand trends across the conference, we are raising our price objectives on IBM, NTAP, STX and WDC.

Inference driving meaningful traditional compute demand

Inferencing and agentic AI are emerging as the next driver of demand for traditional compute, creating a stronger case for CPU-intensive servers and broader enterprise infrastructure. Agentic workloads shift part of the compute from parallel GPU processing to sequential CPU processing. While AI server vendors (DELL, HPE, SMCI) continue to see strong demand, Dell and HPE are also seeing meaningful demand for traditional compute and IBM highlighted examples of inferencing and modernization driving consumption on non-GPU platforms (mainframe). DOCN is adding capacity, and over time, benefits from incremental ARR per MW. On-prem adoption of AI by enterprises is also increasing.

HDD & Storage demand continues higher

Storage is becoming a more strategic AI bottleneck as training, inferencing, and agentic workflows all increase the amount of data that must be stored, protected, queried, and fed back into models. WDC framed HDD EB growth as potentially >25% for the next 3-5 years and STX noted demand remains above supply, orders are in place for the next 4-5 qtrs, and customers are planning EB allocations multiple years out. On the enterprise storage side, Dell ISG President Lewis noted agentic data growth means there is no longer “cold” or “dark” data, Everpure noted strong demand for high-performance systems and Storage-as-a-Service, and NTAP highlighted AI wins, all-flash upgrades, hybrid flash resilience, and Public Cloud growth.

Demand sustainability, OEM pricing, Distributors & EMS

The component environment is tight, with memory, CPUs, HDDs, NAND all showing signs of pricing/cost inflation. Distributors (ARW, AVT) and EMS (FLEX, CLS, SANM) benefit from data center infrastructure demand, complexity, supply-chain services, inventory visibility, and customers’ growing need for partners that can secure supply and manage long lead times. While PC units could be down high-teens in 2H26, HPQ could still see modest rev growth on pricing and mix. CNXC mgmt. continues to see customers prioritizing AI that augments human advisors and improves complex interactions rather than wholesale replacement.

Key takeaways from the fireside chats

Day 1 of the 2025 BofA Technology Conference

Dell Technologies Inc (ticker: DELL)

We hosted a fireside chat with President of Infrastructure Solutions Group (ISG) Arthur Lewis from Dell Technologies. We discussed the step-change in ISG demand, the company's supply-gated F27 guide, the broadening of AI beyond GPUs into traditional servers (ISS), and Dell's increasingly strategic role in helping customers move from legacy data centers to agentic AI architectures. Mr. Lewis framed the F27 revenue guide increase as constrained by supply rather than demand, with demand far exceeding available supply and customer visibility extending into 2026, 2027, and parts of 2028 across GPUs, core servers, storage, and networking. This supports a more durable revenue trajectory than a one-quarter pull-forward narrative (or "peak"), particularly as customers are engaging Dell on multiyear infrastructure planning rather than transactional hardware purchases. The tone around ISG was notably stronger than just "AI servers are growing," with Mr. Lewis highlighting record AI server orders, a record backlog, continued share gains, and operating profit growth outpacing revenue growth, reinforcing that Dell is scaling into the AI infrastructure cycle with better profitability than many expected.

Mr. Lewis also made a compelling case that traditional servers and storage are becoming direct beneficiaries of agentic AI, not separate or lagging parts of the portfolio. We see this as important for Dell's narrative as margin and EPS growth is not only centered around lower margin AI servers. ISS strength was driven by a combination of legacy workload growth, modernization of an aging installed base, and new CPU-intensive AI workloads as agents increasingly act, manage, and orchestrate tasks that require sequential processing. We expect this to remain an important growth driver for Dell because customers are refreshing aged infrastructure as well as consolidating workloads to free up space, power, and cooling for AI projects. This leads to more durable demand growth, lessening the risk of demand destruction in the near-term from recent pricing actions.

Storage was similarly framed as moving from a slower-growth infrastructure category to a critical layer of the AI architecture, with Mr. Lewis pointing to Dell IP storage demand growing ahead of market for five consecutive quarters and new offerings such as AI Data Platform, Lightning, Exascale, PowerStore Elite, and cyber resiliency solutions strengthening Dell's position in higher-value storage. Mr. Lewis emphasized that agentic AI changes the way data centers are architected and materially increases the need for higher-quality, constantly circulating enterprise data. This supports a higher-quality ISG mix over time, with Dell IP storage carrying better economics and helping offset the margin dilution from rapid AI server growth.

International Business Machines Corp (ticker: IBM)

We hosted a fireside chat with SVP of Infrastructure Ric Lewis from IBM. We discussed the accelerating AI-driven uplift across IBM's Infrastructure portfolio, including Z17 momentum, the expanding monetization opportunity around AI MIPS, strength in Power and storage, the durability of mainframe demand, and IBM's longer-term quantum roadmap. SVP Lewis framed IBM Infrastructure as increasingly less cyclical and more structurally advantaged, with AI creating incremental demand across the full stack rather than only in GPUs. That is most visible in Z, where program-to-program growth has accelerated from roughly 110% several generations ago to 120% to 125% in the prior cycle and roughly 135% for Z17, supported by AI workloads moving beyond fraud detection into broader inferencing use cases such as insurance, actuarial modeling, and transaction-level intelligence. IBM benefits from both a refresh cycle and seeing higher-value workloads attach to its installed base. This supports more durable revenue, stronger monetization per MIP, and a better mix of software, subscriptions, cards, and services around the platform. As such, we raise our PO to $315 on 21x C27 EV/FCF (prior $300 on 20x unchanged C27 EV/FCF). We use a higher multiple to reflect the more durable revenue opportunity. Reiterate Buy.

SVP Lewis also pushed back on the idea that AI-enabled code modernization weakens mainframe stickiness, arguing that tools such as Watsonx Code Assistant for Z are actually expanding usage rather than enabling migration away. Customers using the tool are growing MIPs utilization at 2-3x the broader base, while specialty MIPS tied to Linux, containers, and adjacent workloads have been growing 3-4x faster than core MIPS. This supports the idea that modernization is a demand unlock, as customers can write in modern languages and still benefit from Z's throughput, resiliency, security, and economics. This also extends to Power and IBM i, where SVP Lewis described a meaningful resurgence in new workloads as software tools reduce skills-related friction. In parallel, supply-chain tightness and higher component costs are creating incremental demand for IBM's higher-efficiency systems, with SVP Lewis noting that memory, CPU, disk, and storage inflation makes Power, tape, storage, and integrated software more attractive. We see IBM's vertically integrated stack as having more pricing control and better ability to protect margin while also benefiting from customer urgency around AI infrastructure.

Storage emerged as another underappreciated AI beneficiary, with SVP Lewis emphasizing that AI is ultimately about data that needs to be stored, moved, fed, and processed. IBM is seeing strong demand across DS8000, FlashSystem, Storage Scale, and Fusion, with the hardware tied to its storage software growing roughly 50% to 60% and broader storage hardware growing double digits or better. While GPUs and servers have captured more attention, SVP Lewis' commentary suggests IBM has a credible path to participate in the next layer of AI infrastructure spending as enterprises move from experimentation into production and need trusted systems for data-heavy workloads.

IBM's roadmap for quantum advantage this year and a 2,000-qubit fault-tolerant machine by 2029 adds another long-duration technology optionality layer. Overall, the fireside reinforced that IBM's Infrastructure business is positioned to compound through a combination of accelerating Z demand, AI-driven workload expansion, storage strength, and better monetization across a differentiated full-stack architecture.

Arrow Electronics Inc. (ticker: ARW)

We hosted a fireside chat with Board member and Interim CEO Bill Austen. We discussed the breadth of the components recovery, the quality of recent upside, the durability of operating leverage, and Arrow's positioning across both hardware components and enterprise software tied to AI and cloud. CEO Austen framed the cycle as still early, with book-to-bill now meaningfully above parity across all three regions, backlog filling in through 2Q, 3Q and 4Q, and in some cases visibility extending into 1Q27. The most constructive element was that the recovery is being driven by unit volume rather than price, with little to no price contribution in 1Q, and with management repeatedly pushing back on comparisons to the Covid shortage cycle or concerns around double ordering. That distinction is important because a unit-led, broad-based recovery across Western industrial, transportation, aerospace and defense, and mass-market customers makes the margin improvement higher-quality vs a price-led or shortage-driven cycle.

CEO Austen also emphasized that Arrow is not running the same playbook it has in prior upcycles, with the company focused on selecting higher-quality revenue, holding the line on fixed costs, and using value-added services to improve the earnings profile. Global Components operating margin reached 5.5% in 1Q, and management believes a "five handle" is sustainable as volume improves, reflecting better regional mix, a more efficient cost base, and a larger contribution from supply chain, demand creation, engineering services, and IP&E. Value-added services generated roughly 30% of operating income last year and remain a central lever, particularly supply chain services for hyperscalers, where Arrow manages complex logistics, AR/AP flows, and material deployment in an inventory-light, fee-based model. ECS adds another layer of diversification, with roughly 75% of that business tied to enterprise software and the remainder to higher-end hardware, giving Arrow exposure to cloud, cybersecurity, virtualization, data protection, and AI workload migration while also helping balance working capital needs in Components. This supports the case that earnings power can move higher in an upcycle, but we look for further proof points on the sustainability of demand and margins, and that supply chain services get to steady state without a sharper profit step-down, and the CEO transition does not disrupt execution.

Overall, the fireside reinforced a more constructive cyclical setup for ARW, with broader demand, better visibility, and improved operating discipline pointing to higher earnings power as the components cycle recovers. We still believe sustained upside likely requires evidence that the current recovery remains volume-led, Western demand continues to broaden, and Arrow can hold a structurally higher margin framework through the next several quarters. Maintain Neutral.

Avnet Inc. (ticker: AVT)

We hosted a fireside chat with CEO Phil Gallagher and CFO Ken Jacobson from Avnet. We discussed the broadening components recovery, backlog/book-to-bill trends, tightening lead times, memory-driven pricing, Avnet's strategic relevance as supply chains get more complex, Farnell's recovery path, and the margin leverage opportunity as the cycle improves. CEO Gallagher framed the current upturn as materially different from prior inventory-led cycles, with recovery now spreading beyond data center and hyperscale into industrial, transportation, aerospace and defense, consumer, and geographies including Asia, Europe, and the Americas. We see this breadth as the most constructive part of the AVT setup, as a more diversified recovery reduces reliance on any single end market and gives the company a clearer path to sustaining revenue momentum after a strong F3Q print and above-seasonal F4Q guide. At the same time, management's comments support a balanced view, as memory pricing has become a meaningful near-term revenue tailwind, with CFO Jacobson noting memory increased from roughly 5% to 7% of the business in C25 to roughly 10% to 15% in the March quarter largely because prices doubled, rather than because of a similar increase in units.

Visibility has improved, with CEO Gallagher noting backlog is 50% to 80% higher than a year ago, book-to-bill remains positive across regions and verticals, even excluding memory inflation, and the next six months look solid based on the backlog Avnet can reasonably assess. Tightening lead times in memory, high-power products, mil/aero, controllers, and data-center-related components should support near-term demand capture and potentially better pricing, while also increasing the value of Avnet's inventory position and supply chain services. Management repeatedly emphasized that complexity is a positive for Avnet, with suppliers and customers leaning more on the channel for demand creation, supply chain-as-a-service, vendor-managed inventory, design support, and lifecycle management.

Farnell remains an important swing factor but still is early in recovery. CEO Gallagher reiterated Farnell is core to Avnet, highlighting that at the prior peak it represented only 6% of sales but 20% of operating income, while also acknowledging the business still has work to do. The Power of One strategy, e-commerce capabilities, and cross-sell funnel from Farnell's large engineer/customer base into the core Avnet business provide credible upside to margins over time. CFO Jacobson targets Electronic Components operating margins back above 4% over the next few quarters and Farnell operating margins above 10% over the next several quarters.

Overall, the fireside supported a more constructive near-term demand and margin trajectory for AVT but we look for further proof-points to assess the degree to which recent strength has benefited from memory pricing, he mix impact from Asia, and overall sustainability of demand given higher component costs. Maintain Neutral.

NetApp, Inc (ticker: NTAP)

We hosted a fireside chat with CFO Wissam Jabre. The demand backdrop is materially better than a year ago, with management seeing broad-based enterprise infrastructure spending and a rising contribution from AI-driven deployments. In the fireside chat, Mr. Jabre said the company had roughly 500 AI wins in Q4, more than double year over year, and highlighted inference, data preparation, and data-lake modernization as the most relevant near-term AI vectors for NetApp's storage portfolio, including high-performance all-flash systems and newer offerings such as AFX and AIDE. On the prior earnings call, management added that FY26 AI and data-preparation wins exceeded 1,100, underscoring the point that AI is shifting from conceptual tailwind to tangible demand driver for NetApp's on-prem and hybrid data infrastructure franchise. While the overall tone was positive, we reiterate Neutral as near-term headwinds from component cost increases and weak macro are offset by long-term mix shift to flash and public cloud revenues. No change to estimates. Our PO moves to $180 (from $150) on 20x (prior 17x) C27E EPS of $9.04. We use a higher multiple on incrementally higher confidence given the company's AI related wins and expectations for improved growth.

A second core message was that NetApp still sees meaningful runway from the legacy storage refresh cycle, now increasingly supplemented by AI. Mr. Jabre described the installed-base transition toward all-flash as continuing, with the company at roughly 48% penetration after years of steady conversion, while also noting that elevated flash pricing may modestly influence customer configuration choices at the margin. Customers are optimizing across NetApp's broader portfolio, with evidence of continued all-flash strength alongside a recent uptick in hybrid flash and ongoing momentum in Keystone and public cloud offerings. NetApp is positioning itself as a flexible control point for customer data estates across performance tiers and consumption models.

Margin and pricing were another central focus, and management's tone was measured but constructive. At the conference, Mr. Jabre reiterated that NAND and memory inflation is being addressed through pricing actions, with Q1 FY27 expected to mark the trough for product gross margin and gradual improvement anticipated thereafter as price increases flow through the P&L. He also stressed that Q4 showed little evidence of material demand elasticity or a meaningful pull-forward benefit to reported results, even as the company acknowledged some accelerated customer decision-making in the market. The prior earnings call had reinforced that view: NetApp's FY27 guide assumes a solid enterprise IT demand environment, recognizes the possibility of isolated accelerated purchases, and contemplates further pricing action if component costs move higher, while management remains committed to protecting profitability.

Management called out strong public cloud growth, with first-party and marketplace offerings continuing to expand at a faster pace than the overall cloud portfolio, while public cloud gross margins remained at or above the company's 80%–85% target range. In parallel, the recently expanded Google Distributed Cloud relationship was described as a multiyear hybrid-cloud opportunity supporting sovereign and secure environments, with Q4 product-revenue benefit already visible and support revenue to be recognized over the life of the agreement. Taken together with management's comments on operating leverage, incremental AI-focused sales investments, and a plan to return up to 100% of free cash flow to shareholders in FY27, the broader message was one of confidence that NetApp can convert AI and hybrid-cloud relevance into durable revenue growth, margin resilience, and sustained shareholder returns.

Nutanix, Inc. (ticker: NTNX)

We hosted a fireside chat with CEO Rajiv Ramaswami, and CFO Rukmini Sivaraman. Management made the case that Nutanix is a broad hybrid-multi-cloud infrastructure platform, rather than simply an HCI vendor. Mr. Ramaswami emphasized that the company sees the next leg of AI adoption shifting from model training toward enterprise inferencing and agentic applications, with workloads running across on-prem data centers, neoclouds, and public clouds. Management argued that Nutanix is positioned to provide the software stack, governance, visibility, and cost controls needed for enterprise AI deployments—particularly where customers care about security, token-cost management, model choice, and data sovereignty. That framing is consistent with the prior earnings call, where management described the platform as having evolved into a unified environment for traditional apps, cloud-native applications, and AI workloads, while also highlighting recent product launches in agentic AI and partnerships that expand support across GPU and cloud environments. We maintain Buy as we continue to see further share gain against VMWare and long-term upside from the partnerships with AMD, DELL, Cisco and Everpure. No change to estimates. PO stays at $65 on 5x EV/C27E sales.

The second major theme was continued VMware-displacement share gains, which management still views as a multi-year opportunity with substantial runway remaining. Mr. Ramaswami noted that Nutanix has roughly 31,000 customers today versus a VMware-installed base of more than 200,000 customers, and said most new logos continue to come from VMware environments. Importantly, management stressed that the migration opportunity is broadening: rather than forcing customers into a full hardware refresh and full-stack HCI conversion, Nutanix can now replace the software layer while allowing customers to retain existing servers and third-party storage from vendors such as Dell, Pure Storage, and NetApp. This lowers migration friction, supports "in-place" transitions, and appears especially relevant for complex enterprise accounts where planning is the heavy lift but execution can be increasingly automated once a migration plan is established.

A third key discussion point was the near-term supply-chain overhang, which remains the principal factor muddying the timing of reported revenue despite strong underlying demand. Ms. Sivaraman reiterated that bookings trends remain healthy, renewal visibility is relatively strong, and the subscription model has improved the company's overall predictability versus prior years. However, because customers often need server hardware to deploy Nutanix software, elevated server pricing and elongated lead times continue to delay the conversion of bookings into revenue. At the conference, management described supply-chain constraints as entering nearly every customer conversation, driving customers to shop more aggressively across vendors, defer some hardware purchases, or reuse installed hardware via external storage and public cloud options.

Management's longer-term message was one of durable growth with expanding strategic relevance, even if near-term visibility remains somewhat constrained. At the conference, management highlighted a platform roadmap that now spans core virtualization, hybrid cloud, external storage, Kubernetes, and emerging agentic AI workloads, while also pointing to strong customer satisfaction, including an NPS of 90. Ms. Sivaraman also addressed investor questions around contract duration, margin progression, and long-term targets, suggesting that recent longer-duration deals may reflect customer demand for pricing certainty, while reiterating that the company's priority remains balancing growth investment with operating leverage. That is consistent with the earnings call, where management reiterated a medium-term framework of mid-to high-teens revenue and ARR growth in a normalized environment, alongside continued operating-margin expansion. In our view, the fireside chat reinforced the core NTNX debate: strong competitive positioning and expanding platform relevance are increasingly evident, but investors are still weighing how quickly bookings strength, VMware conversions, and newer offerings such as external storage and AI translate into cleaner, more visible revenue acceleration.

Seagate Technology, PLC. (ticker: STX)

We hosted CFO Gianluca Romano for a fireside chat at our Global Technology Conference. Mr. Romano framed the current HDD upcycle as materially different from prior cycles, emphasizing 12–13 consecutive quarters of higher revenue and profitability, plus order visibility that supports sequential improvement for the next four to five quarters. He said Seagate now has precise orders in place over that horizon, including defined mix, exabyte volumes, pricing, and delivery timing, which underpins management's confidence that demand remains above prior expectations and still exceeds supply. This messaging was fully consistent with the company's last earnings call where management said nearline capacity is almost fully allocated through calendar 2027, build-to-order agreements are being finalized through fiscal 2027, and the company is confident in quarterly revenue growth and margin expansion through fiscal 2027. Reiterate Buy on secular demand from cloud, revenue and margin improvement and path to higher capacity HAMR HDDs. No change to estimates. Our PO moves to $1000 (from $900) on 34x (prior 31x) C27E EPS. We use a higher multiple on more confidence in sustainability of revenue growth and margin expansion.

A second major theme was pricing discipline and the durability of margin expansion. At the conference, Mr. Romano stressed that Seagate is pursuing continuous pricing improvement, but in a measured and sustainable way rather than through sharp step-ups that could disrupt customers, and he argued that the industry is now disciplined about adding exabyte capacity without adding unit capacity. He also noted that factories are effectively full, so the next leg of growth will come less from utilization and more from higher capacity per drive, continued favorable pricing, and lower cost per terabyte as the product mix migrates from PMR-based drives toward HAMR. That aligns with the earnings call, where management highlighted a 47% non-GAAP gross margin in the March quarter, said pricing strategy and mix drove a mid-single-digit year-over-year increase in data center revenue per terabyte, and reiterated that pricing, mix, and HAMR-led cost reductions should continue to support profit expansion.

Technology and product transition were also central to the discussion, with the conference reinforcing that HAMR is now moving from proof point to core growth engine. Mr. Romano said Seagate has already qualified 40TB-class HAMR products, is progressing toward 50TB qualification in late calendar 2027, and expects capacity-per-unit gains of roughly 25% annually without increasing unit output. He argued that this matters not only for Seagate's own cost structure, but also for customer economics, because larger drives materially improve revenue per slot in the data center while keeping the same physical footprint.

The fireside underscored that Seagate sees strong demand as broadening beyond pure cloud strength into a more durable structural growth story, while maintaining a shareholder-return orientation on capital allocation. On demand, Mr. Romano said most current purchases are still going into new data centers rather than refresh, but he also highlighted the eventual refresh opportunity as customers replace older 20TB drives with 40TB products and capture a strong return on that upgrade. On capital allocation, he reiterated that free cash flow remains directed primarily toward dividends and buybacks, while near-term debt reduction—especially the convertible—has been a priority. Management disclosed nearly $1 billion of quarterly free cash flow, a lower gross debt balance following debt retirement, and an expectation that, once debt cleanup is largely complete, the vast majority of free cash flow will again be allocated between dividends and repurchases.

Western Digital Corporation (ticker: WDC)

We hosted a fireside chat with CFO Kris Sennesael. The discussion reinforced a notably more constructive long-term demand outlook for HDD storage, with the market moving beyond a traditional cloud-only framework toward a broader AI-driven data creation cycle. CFO Sennesael said the company's prior mid-teens exabyte growth view was revised upward first to ~25% CAGR and now to "well above" 25% over the next three to five years, supported by deeper customer engagement and improving multiyear visibility. Importantly, the demand thesis was framed as increasingly diversified: management highlighted continued storage requirements from model training and retraining, accelerating data creation from inferencing and agentic AI, and an early but potentially large contribution from physical AI workloads such as autonomous systems and robotics, where both real-world and synthetic datasets must be stored and recycled into future training loops. Management emphasized that inference is now expected to represent roughly two-thirds of AI compute and that each prompt, token, query, and checkpoint adds to persistent storage demand. Reiterate Buy on secular growth of HDD market, favorable supply/demand balance, strong EB growth driven by mix & further GM upside. No change to estimates. Our PO moves to $610 (from $572) on 31x (prior 29x) C27E EPS of $19.74. We use a higher multiple on more confidence in sustainability of revenue growth and margin expansion. Reiterate Buy.

A central message from the fireside chat was that the shape of the HDD business has changed materially, which management believes should reduce historic cyclicality and improve forecasting confidence. Mr. Sennesael noted that roughly 90% of the business is now tied to cloud and hyperscale customers versus a much larger consumer/client mix three to five years ago, and described the current environment as one where customers are planning infrastructure needs multiple years ahead rather than ordering primarily inside the current quarter. He said customers have been educated around a 52-week end-to-end HDD manufacturing cycle and, as a result, most large hyperscale customers are now placing orders about a year in advance, while some are seeking supply commitments that stretch into 2027, 2028, 2029 and even beyond. Management reiterated that agreement duration now extends into calendar 2028 and 2029, and that purchase orders are generally placed about one year in advance, and linked stronger visibility to tighter supply/demand conditions. Management's broader point is that the industry's demand signal appears less transactional and more programmatic than in prior cycles, with current shipments described as being deployed immediately rather than building in channel inventory.

On pricing and profitability, management's tone remained emphatically disciplined rather than opportunistic, with the company positioning HDD pricing as value-based and tied to total cost of ownership improvements rather than spot-market volatility. Mr. Sennesael argued that higher-capacity and higher-performance drives allow Western Digital to raise price per terabyte while still improving economics for customers, and he pointed to a 9% year-over-year increase in ASP per terabyte in the March quarter as evidence that the current pricing environment is both healthy and consistent with that framework. The margin story was similarly tied back to the technology roadmap: management said 32TB is the highest-capacity product currently shipping, with 40TB ePMR qualifying now and targeted to ramp in 2H CY26, while 44TB HAMR is in qualification with a planned ramp in 1H CY27. The company also reiterated a roadmap extending beyond 100TB and highlighted increasing UltraSMR adoption across major hyperscale customers. Taken together, management's message was that higher areal density, a richer mix toward higher-capacity drives, broader UltraSMR penetration, and steady execution on cost should support continued gross margin expansion from already elevated levels, following fiscal 3Q26 gross margin above 50% and F4Q guidance of 51%–52%.

The fireside chat reinforced that management sees the current earnings and cash flow profile as durable enough to support an aggressive shareholder return posture. Mr. Sennesael said free cash flow is approaching a 30% margin, or about $1 billion per quarter, and emphasized that the balance sheet has moved into a net cash position after debt reduction and monetization of most of the remaining SanDisk stake. Consistent with that message, the prior earnings call had quantified fiscal F3Q26 operating cash flow at $1.1 billion, free cash flow at $978 million (29% margin), remaining debt at $1.6 billion, cash at $2.0 billion, and net positive cash of $450 million, while also noting a 20% dividend increase and ongoing share repurchases. The company is now operating in a structurally tighter, more visible HDD environment—one where secular AI-driven storage demand, disciplined pricing, and a capacity roadmap centered on areal density can sustain both earnings growth and substantial capital returns.

Super Micro Computer, Inc. (ticker: SMCI)

We hosted a fireside chat with SMCI Senior Vice President of Corporate Development Michael Staiger. Management emphasized that Super Micro's differentiation is not simply assembling AI racks, but integrating full data center building block solutions (DCBBS), including compute, networking, storage, power, cooling, management software, services, and deployment support, that are customized to customer/site requirements. This is increasingly relevant as customers move from buying servers to deploying rack- and cluster-scale AI systems, where reliability, uptime, thermal architecture, integration complexity, and time-to-deployment matter more than basic assembly. On growth and competition, management framed the AI server/rack market as large enough that share gains and margin expansion are not mutually exclusive. While the market is focused on competition from OEMs, ODMs, and EMS companies building NVDA racks, Super Micro argued its advantage is engineering depth, flexible manufacturing, system-level integration, and ability to solve customer-specific problems across NVDA, AMD, Intel, ARM, and x86/CPU-based platforms. Management also disagrees with the view that Dell/HPE have an insurmountable enterprise services advantage, noting that Super Micro already supports large clusters and is expanding service and go-to-market capabilities in real time. Enterprise inference, sovereign AI, non-GPU/general-purpose servers, and AMD-based platforms were all highlighted as incremental opportunities, with AMD described as a close partner and AMD-based products expected to be delivered as customer demand and product timing align.

Margins and working capital were key debates. Management reiterated that double-digit gross margins remain the target, with mix, customer diversification, and more differentiated DCBBS/platform solutions expected to support a step-up over time, particularly as the company moves beyond large NVDA deployments into broader AI CPU, x86, ARM, enterprise, and application-optimized systems. Component availability remains a moving constraint given the number of parts in a rack/data center, though memory was not a limiting factor in the most recent reported quarter. On capacity, Super Micro can manufacture roughly 6,000 racks per month, split about evenly between liquid-cooled and air-cooled, with further upside from automation and optimization. Capex needs were described as relatively light, while working capital remains intensive given large contracts and customer ramp timing. Management expects its differentiated products and improved margin/customer mix to help compress cycle times, though growth pace could continue to create timing volatility in free cash flow.

Governance and areas of investor concern include export compliance, internal controls, and process upgrades. On export compliance, the company did not give a specific timeline but indicated that once the independent review is complete, results will be shared publicly. On internal controls, the company is implementing system-level upgrades across SAP, inventory management, MRP, and CRM, with full testing and a period of proven success still required. Maintain Underperform.

Flex LTD. (ticker: FLEX)

We hosted a fireside chat with FLEX CEO Revathi Advaithi (to be SpinCo CEO) and FLEX Chief Commercial Officer Michael Hartung (to be RemainCo CEO). Management felt Flex had reached a point where data center-related opportunities were absorbing capital given superior returns, while healthcare and industrial also deserved dedicated investment. SpinCo is designed around the full AI infrastructure/electrical stack (cloud, cooling, rack integration, embedded power, and distributed power) with the broader thesis that AI compute density is driving a major power and thermal architecture shift from the data center out to the grid.

For SpinCo, management emphasized very strong near-term visibility and growth, with FY27 described as ~90% booked and FY28 ~70% booked, supported by hyperscaler, neocloud, colo, silicon provider, and utility demand. Management reiterated that SpinCo is expected to grow ~70% this year and ~80% next year, with cloud and power both participating. Embedded power benefits from rising rack power density and the move toward 400VDC/800VDC architectures. Margins are expected to improve from the prior 9.2% operating margin exit rate as prior investments are recouped and mix/scale improve, although management stressed that the business is still being built and requires continued investment before converging toward more mature electrical peers. SpinCo is not simply a contract manufacturing asset; it is being positioned as a large North American electrical infrastructure player with end-to-end capability across compute integration, thermal design, power conversion/distribution, and grid-related utility exposure. On demand sustainability, management pushed back against near-term AI slowdown concerns, noting that hyperscaler backlog and power constraints create a long-cycle investment environment, with today's capacity investments supporting customer needs two to three years out. Flex is investing in capacity, particularly in North America, including power and cooling infrastructure, while aiming to keep capex around ~3% of revenue through the cycle despite fast revenue growth. Management also highlighted diversification across customers and end markets, including hyperscalers, neoclouds, colos, silicon providers, and utilities, as well as opportunities tied to Nvidia 400VDC/800VDC designs and AMD Helios compute trays. Management believes M&A should remain part of SpinCo's strategy, but framed acquisitions as smart technology investments layered on top of strong organic growth.

For RemainCo, management described post-spin Flex as a global manufacturing services platform focused on high-quality earnings, cash generation, and margin expansion rather than simply chasing revenue. The playbook remains the same one used over the past several years: prune lower-value revenue, redeploy capital into higher-value secular markets, and create optionality for future value-creation events. Key focus areas include healthcare/medical devices and drug delivery, industrial/automation and robotics, satellite/secure communications, energy infrastructure contract manufacturing, and semiconductor capital equipment tied to AI compute growth. Post spin, Flex will retain up to 19.9% of SpinCo equity, with potential to use that stake to pay down debt, leaving both companies with clean balance sheets. We think the underappreciated message is that while SpinCo is the headline AI/electrical story, we think RemainCo still has meaningful secular growth exposure and a proven operating playbook that management believes can continue to drive earnings expansion and future value creation. Maintain Buy.

Day 2 of the 2025 BofA Technology Conference

Hewlett Packard Enterprise Co. (ticker: HPE)

We hosted a fireside chat with Chief Strategy Officer (CSO) Shannon Cross from HPE. We discussed the durability of HPE's server demand, the emerging enterprise Agentic AI opportunity, the strategic value of Juniper, and the company's improving margin and free cash flow profile. CSO Cross framed the server business as being in a "new renaissance," with demand increasingly tied to enterprise AI inferencing and Agentic AI workloads that require more memory, compute, storage, and higher-end configurations. The key takeaway is that the server strength appears less cyclical than feared, with customers continuing to buy (despite higher ASPs) with triple-digit order growth in the quarter, record backlog, and a pipeline that remains multiples of backlog, which supports the view that HPE's F27 framework is underpinned by durable demand rather than a one-quarter pull-forward dynamic

The discussion also reinforced that HPE is managing the inflationary component environment better than expected, with pricing actions, shorter quote validity, and customer renegotiations helping protect profitability while supply, not demand, remains the primary gating factor to upside. CSO Cross noted that customers are willing to pay higher prices because the ROI from AI-related infrastructure is compelling, while HPE is also being selective in AI servers and prioritizing sovereign and enterprise opportunities where it can add value and defend margins. That mix discipline is increasingly important as HPE is showing that growth in Cloud & AI can come with better profitability, not just revenue scale, with HPE's F2Q Cloud & AI operating margin improving to 12.4% and F27 Cloud & AI margin framework of 10% to 15%.

Networking remains the other major pillar of the thesis, with CSO Cross describing Juniper as a "homerun" and highlighting stronger-than-expected momentum across campus and branch, networks for AI, data center interconnect, routing, and HPE's Helios opportunity with AMD. The Juniper combination is broadening HPE's relevance beyond traditional enterprise networking into AI data center fabrics, with HPE raising its F26 Networks for AI order target to at least $2bn and pointing to high-20% campus and branch order growth, strong data center networking demand, and improving sales execution from the combined go-to-market motion. The margin setup also looks increasingly favorable, with synergies, scale, supply chain benefits, Catalyst savings, and operating leverage expected to drive networking margins into the mid-to-high 20% range in F27, providing a cleaner path for earnings and FCF revisions as the integration matures. Maintain Buy.

DigitalOcean Holdings, Inc. (ticker: DOCN)

We hosted a fireside chat with CFO Matt Steinfort from DigitalOcean. We discussed DOCN's evolution from a developer cloud into a full-stack AI native cloud, with the conversation centered on AI customer traction, capacity expansion, ARR per MW, pricing, and the durability of the company's inference and agentic workload opportunity. CFO Steinfort framed the shift as a meaningful change in the company's growth profile, with $1mn-plus customers growing rapidly, no churn in that cohort over the last four quarters, and AI customer revenue growing over 200%, underscoring that DOCN has moved beyond the historical "graduation risk" debate and is now landing larger, faster-growing AI native customers that need both GPU inference and core cloud services. The Cursor win (recent announcement) was particularly important because CFO Steinfort noted the customer is using bare metal, but also inference and core cloud capabilities, reinforcing the view that DOCN's value proposition is moving up the stack and becoming more differentiated than a GPU rental model.

Capacity and monetization were the most important parts of the discussion. CFO Steinfort reiterated that demand is well ahead of supply, with existing demand at roughly 3-4x the capacity DOCN is bringing online, supporting the company's confidence in adding incremental MWs and raising the 2027 growth outlook to 50%+. The newly signed 60MW of capacity comes online through 2027 across four data centers, with execution risk mitigated by existing facilities, experienced data center partners, and recent evidence that DOCN has brought capacity online ahead of schedule. CFO Steinfort reiterated capacity additions are increasingly tied to higher-value services rather than bare metal, and incremental capacity is already being underwritten above the prior ~$13mn ARR/MW benchmark as DOCN benefits from higher token capacity, serverless inference, token-based pricing, inference routing, and core cloud pull-through.

On pricing and margins. CFO Steinfort said H100 and H200 pricing has been increasing rather than compressing, and DOCN's shorter contract duration gives the company flexibility to reprice, rotate customers off lower-value bare metal, or repurpose capacity toward serverless inference and token-based consumption. That flexibility is especially relevant as bare metal continues to decline as a percentage of AI ARR and as a portion of absolute AI ARR, improving the mix toward inference and core cloud services that should carry better monetization and stickier customer relationships over time. Equipment cost inflation remains a real factor, particularly around memory, storage, CPUs, and newer GPU configurations, but DOCN has been able to pass through higher costs and expects higher token output per MW to preserve or improve returns on incremental capacity.

Overall, the fireside reinforced our bullish view that DOCN is still early in a major revenue acceleration cycle, with the narrative increasingly shifting from whether the company can compete in AI infrastructure to how quickly it can add profitable scale. The

Day 3 of the 2025 BofA Technology Conference

Celestica Inc. (ticker: CLS)

We hosted a fireside chat with CLS CFO Mandeep Chawla. For Celestica, its CCS (Connectivity & Cloud Solutions) segment remains the primary growth engine, with management positioning the company as a leading ODM provider of white-box networking solutions. 2027-2028 demand is already being allocated and capacity decisions are being made now and management views its ability to secure launch positions, execute next-generation programs, and deploy capital into high-return capacity to be key determinants of sustained upside. The company's strength has shifted from its historical EMS roots into a higher-value HPS/ODM (Hardware Platform Solutions/Original Design Manufacturing) model. In ethernet switching, CLS believes it is the leader in 400G and 800G, with 1.6T programs beginning to ramp exiting 2026 and expected to become a growth driver in 2027. 400G demand remains stable, 800G continues to ramp, and 1.6T adds another layer of growth, while early design work is already underway for 3.2T, potentially arriving in the 2028–2029 timeframe. Barriers to entry are rising as each generation becomes more complex, and prior-generation proficiency is increasingly important to winning next-generation platforms. Growth is not dependent on one product bucket but rather is coming from 800G/1.6T switching, AI/ML compute programs, and rack-scale systems. Compute is ramping with Celestica's largest customer, with two next-generation programs starting near year-end and contributing more meaningfully next year, while 1.6T wins across major hyperscalers and OEMs are also set to ramp. The company also highlighted its large "digital-native" rack-scale program that combines Celestica-designed 1.6T switches, compute co-design, liquid cooling, cabling, testing, and full delivery. In our opinion, this program represents multi-billion dollars of revenue, though final revenue recognition will depend on consigned versus turnkey treatment.

On competitive positioning, Celestica differentiates itself from both traditional Electronics Manufacturing Services (EMS) competitors and branded networking vendors such as Arista/Cisco. For customers choosing CLS's competitors, the decision as typically favoring a bundled hardware/software solution. For customers choosing Celestica, the decision is more often an ODM route where the customer has internal engineering capability, wants customization, and may use its own software. White-box competition is relatively narrow vs. traditional EMS, and customer decisions are driven by manufacturing quality, delivery, cost, global engineering depth, supply-chain execution, and ability to support regionalization, including both Southeast Asia and the U.S. The company also sees long-term opportunity in scale-up networking, including AMD Helios and co-packaged optics related programs. Full rack integration is an opportunity, but management remains disciplined and notes that pure rack integration can be lower-barrier, more commoditized, working-capital intensive, and power intensive, so Celestica is most focused where it can add higher-value compute/networking/design content.

Financially, management framed the growth as supported by strong visibility and disciplined capital deployment. The company's $1bn of 2026 capex will support 2027 demand, while 2027 capex will largely be tied to 2028 demand given the roughly one-year lead time for capacity. CLS is selectively choosing which demand to support, targeting business cases with payback generally under three years and often closer to 1.5 to 2 years, while referencing return on invested capital (ROIC) near 50% versus a 12-13% cost of capital. Margins have room to expand. Operating margin has expanded meaningfully over the past two years, is guided to expand further this year, and could continue improving on operating leverage, mix shift toward higher-margin ODM networking, and ATS (Advanced Technology Solutions) segment recovery. Working-capital intensity can be the bigger capital burden vs capex, especially with long lead-time components, but customer forecasts and contractual mechanisms help mitigate risk. At ~$27.5bn consensus revenue level, we expect CLS to remain free-cash-flow positive, even with ~$1.5bn of capex, though faster upside growth could temporarily pressure FCF.

Beyond CCS, management highlighted ATS as an underappreciated, higher-barrier business, particularly in aerospace/defense (A&D) and semiconductor capital equipment. A&D benefits from long product life cycles, Federal Aviation Administration (FAA) qualification complexity, and improved profitability following repricing and portfolio actions. Semi-cap equipment is seeing stronger demand as memory lead times stretch and customers invest to bring more capacity online. On customer concentration, three customers accounted for a meaningful share of revenue last quarter, but diversification across more than ten programs, multiple product generations, and different silicon types mitigates risk. Maintain Buy.

Concentrix Corp. (ticker: CNXC)

We hosted a fireside chat with CNXC CFO Andre Valentine. Management framed GenAI as a net opportunity rather than a structural disruption, with management noting the business continues to grow and generate strong free cash flow despite ongoing automation of lower-complexity work. The company sees AI opening new revenue pools through its iX suite (iX Hello autonomous chatbot and iX Hero advisor-assist platform) plus AI-enabled services such as B2B sales and financial-crimes/compliance, which together represent roughly 10% of revenue, are growing faster than the company average, and carry higher margins. Demand is currently skewing more toward iX Hero than full automation, suggesting customers are prioritizing AI that augments human advisors and improves complex interactions rather than wholesale replacement.

While automation remains a headwind, management sees it as manageable and consistent with historical patterns at roughly 2-3% annually, with low-complexity work already reduced from ~13% of revenue in 2022 to ~5% exiting F25, and expected to decline toward ~3% this year. Adoption is expected to vary by vertical: technology and digital native clients are moving faster, while highly regulated or complex verticals such as banking, financial services, and healthcare should automate more gradually due to data readiness, security, and compliance requirements. CNXC expects to grow through this transition by capturing implementation work around both its own AI tools and partner technologies, while using GenAI internally to improve training, quality monitoring, recruiting, coaching, G&A efficiency, and gross margins over time.

Beyond AI, the operating backdrop remains stable, with sales cycles around one quarter, no broad decision delays, and FY organic constant-currency growth guided to 1.5-3%. Margin improvement is expected in 2H as CNXC grows into prior capacity investments, gains leverage on go-to-market spend, scales iX revenue, reaches full profitability on transformational deals, and benefits from cost actions. Capital allocation is focused on deleveraging, with adjusted FCF guided to $630-650mn, dividends maintained, buybacks largely deprioritized, and roughly $500mn of debt paydown expected this year to bring leverage below 2.6x. The key message: investors may be over-indexing on GenAI disruption while underappreciating CNXC's ability to turn AI into new revenue, higher-margin services, share gains, and stronger free cash flow. Maintain Neutral.

Group Meetings

HP Inc (ticker: HPQ)

We hosted meetings with Alok Juyal Global Head, IR & Global Treasurer, Reuben Gallegos, Director, Investor Relatios, and Maureen Leavitt Director, Investor Relations. The discussions centered around component cost inflation, HPQ's ability to offset memory, storage, and CPU pressure through pricing and cost actions, the potential for AI PCs to become more margin-accretive over time and Print remaining steady but structurally pressured. The key debate remains whether the 4-pillar mitigation plan can move fast enough to protect Personal Systems (PS) margins as 2H component costs rise, particularly with memory and storage now a much larger portion of the BOM (bill of material) and SSD/storage not yet at peak.

HPQ executed well in F2Q, helped by lower-cost inventory on hand, premium mix, and pricing actions taken in December and February, but the setup becomes more difficult from here as 2H faces higher memory, storage, and CPU costs alongside a more consumer-heavy seasonal mix. We would expect PS margins to remain under pressure into F4Q, with the quarter likely representing the trough if pricing, SKU rationalization, supplier qualification, and broader cost actions continue to gain traction. HPQ has more levers than smaller competitors, including global scale, supplier diversity, and the ability to qualify lower-cost components. However, we expect the narrative to remain focused around confidence that pricing can hold without creating demand destruction as the industry pushes higher ASPs into a weaker unit environment.

Prints appear less volatile, with the core market declining LSD% and office hardware still recovering unevenly, while tank share gains and AI-enabled print features help support the segment but are unlikely to materially change the broader growth profile near term.

Separately, HPQ's Computex announcements around NVIDIA RTX Spark, new OmniBook and OmniDesk devices, and expanded developer-focused AI-at-the-edge systems reinforce the company's strategic positioning in local AI compute. The NVIDIA partnership is directionally positive because it validates HPQ's view that AI workloads will be distributed between cloud and edge, with local compute offering lower latency, lower token costs, and a more practical developer workflow for certain use cases. HPQ's plans to bring RTX Spark to the OmniBook Ultra 16, OmniBook X 14, and OmniDesk Mini later this year, alongside Windows support for the ZGX Fury GB300 workstation, give the company a broader AI PC and workstation portfolio spanning creators, developers, gamers, and enterprise teams. That said, the near-term financial impact still appears limited relative to the component cost debate. Early AI PCs have carried price uplift but not enough margin benefit to meaningfully offset pressure, and management commentary suggests the category likely needs to exceed roughly half of shipments before margin accretion becomes more visible. The announcement strengthens the medium-term product narrative, but evidence of real attach, higher mix, and sustained pricing power is needed before giving HPQ much credit for AI-at-the-edge as a stock driver.

Overall, we remain cautious on the near-term setup despite better execution in F2Q and a more credible AI PC roadmap. HPQ has shown it can manage through supply chain and cost cycles, but the next few quarters still hinge on whether pricing and operational actions can keep pace with rising component costs without pressuring demand. The more constructive case into F27 is that F4Q marks the PS margin trough, AI PC mix begins to move above the level needed to support profitability, and industry pricing actions potentially benefit scaled vendors like HPQ. Maintain Underperform.

SanDisk Corporation (ticker: SNDK)

Ivan Donaldson and Jasmine Nouri from SanDisk Investor Relations attended our 2026 Global Technology Conference in San Francisco. The company did not provide any update to its guidance. Investor questions focused on the multi-year supply partnerships between SanDisk and its customers, referred to as new business models (NBMs). The NBMs include fixed pricing for an initial period, followed by variable pricing over the rest of the contract. The contracts are designed so that margins remain within guidance range, even if pricing is at the floor (and the floor remains unchanged during the contract). We see the NBMs as win-win as they lock in committed supply for customers, and committed financials for SanDisk.

Pricing trends remain strong in the near-term. So far, SanDisk has signed up over a third of its F27 revenue via NBMs, which means that over 60% of its NAND supply is still available for customers to purchase (albeit at higher prices vs. a year ago). Over time we see a path to a higher proportion of supply under these NBMs thereby driving more stability in earnings. Pricing trends indicate continued ASP increases and we model higher price increases through C26. We expect pricing to remain robust in 1H27. Incremental supply growth likely only in 2028/2029.

Protections are in place in case demand slows. The five NBMs signed so far have varying contract durations to prevent SanDisk from facing all contracts expiring at the same time. The three contracts signed during F3Q provide minimum contractual revenue of $42bn, and in aggregate, the five agreements signed so far include financial guarantees exceeding $11bn and include prepayments ($400mn) and other financial instruments managed by third-party financial institutions. Moreover, given its better margin structure, if demand for NAND were to slow, SanDisk can afford to cut its production (whereas in the past, the company would have had to continue to produce wafers in order to generate cash). Maintain Buy.

Additional Company Firesides

Quantum computing: PsiQuantum

We hosted a fireside chat with PsiQuantum CEO Victor Peng and CFO Susan Kim. For more details on PsiQuantum, please see our notes, quantum industry primer section 6.1, The Quantum Spin No. 4, and Takeaways from View From the Top Call Series with PsiQuantum Co-Founder Pete Shadbolt. PsiQuantum positioned quantum as a fundamentally new computing platform vs. classical compute. CEO Peng joined PsiQuantum in 2026 after retiring from AMD back in 2024 because of his view that quantum could be the next big transformation after AI and that PsiQuantum has a differentiated platform founded upon fault-tolerant, scalable photonic quantum computing. CFO Kim shares a similar philosophy of resonating with PsiQuantum's differentiated photonics approach, continued execution of technological milestones, and commercialization progress with ongoing customer collaborations. According to management, PsiQuantum's photonic approach was chosen because the company believes photonics provides a credible path to networking, modularity, and scale.

PsiQuantum is focused on deploying a utility-scale machine instead of NISQ machine that some of its peers are focused on. PsiQuantum's capex investment includes R&D, facility, and infrastructure. PsiQuantum is already building a site in Chicago and breaking ground in Australia. CEO Peng called out that these buildouts incorporate large buildings that are modest compared to AI data centers as PsiQuantum's facilities require a fraction of power and cooling vs. what AI demands (though PsiQuantum facilities need cryo infra, liquid helium plants, etc). Management stated that the path to commercial value is a full platform including algorithms, software, orchestration, error correction, and customer application work. For multiple years, PsiQuantum has been engaging with customers who pay for collaborations because they see quantum as a way to solve problems classical computing cannot, particularly in physics-heavy domains such as molecular simulation, drug design, catalysts, materials, batteries, energy, aerospace, and eventually broader optimization, finance, and transportation use cases as hardware and algorithms improve.

On AI, management shared that quantum computers can generate highly precise molecular/atomic-level data that could materially improve AI models for scientific discovery, while also enabling solutions that sit outside the overlap of classical AI entirely. Management suggested that current third-party forecasts of the quantum market opportunity is likely underappreciated because truly transformational technologies are difficult to size before business models and applications emerge (similar to how AI capex was underestimated several years ago). Also, the economic model for quantum is more around outcomes, similar to the direction of agentic AI. For investors, the key milestones to track are not simply logical qubit counts, but whether companies have a credible multi-year roadmap, demonstrated execution, customer-funded engagements, a scalable hardware architecture, algorithm/software progress, domain expertise, and validation from external parties such as DARPA QBI and CHIPS Act funding.

Quantum computing: Industry landscape with Joab Rosenberg

We hosted a fireside chat with Joab Rosenberg, partner at Deep33 Ventures. Mr. Rosenberg stated quantum is a fundamental reinvention of computing and classical computers are poorly suited to simulating nature because molecules, materials, and physical systems are quantum mechanical, creating exponentially difficult problems for transistor-based machines. Quantum computers are built around qubits that can represent richer quantum states, making them potentially transformative for domains such as molecular simulation, drug discovery, materials science, cryptography, finance, climate/weather modeling, and other physics-like optimization problems. Mr. Rosenberg emphasized that AI and quantum overlap in some areas, but an interesting opportunity is where quantum can solve the underlying physics vs. fitting patterns from historical data.

On commercialization, Mr. Rosenberg argued that the industry is more credible today because progress is happening on multiple fronts across hardware scaling, error correction, and algorithm efficiency. While quantum has historically been dismissed as a deep tech, he pointed to today's visible roadmaps from leaders like IBM, improvements in algorithms that reduce required qubit counts, and the growing strategic urgency around RSA/Bitcoin-class cryptography. According to Mr. Rosenberg, the four leading hardware modalities are neutral atoms, trapped ions, photonic, and superconducting qubits. He views neutral atoms (companies like Infleqtion and QuEra) as particularly promising for scaling though stressed that the landscape remains dynamic and multiple modalities could succeed. As part of our 2026 Hardware Expert Call Series, we hosted Mr. Yuval Boger, Chief Commercial Officer of QuEra (neutral atoms company) and Mr. Alex Challans, CEO of The Quantum Insider (quantum market intelligence platform). Takeaways and transcript from our call with Mr. Yuval Boger can be found here. Takeaways and transcript from our call with Mr. Alex Challans can be found here. Mr. Rosenberg also highlighted public-private partnership as a key feature of the market, given quantum's national-security relevance and the importance of non-dilutive government funding for capital-intensive hardware companies.

For investors, Mr. Rosenberg's advice was to avoid betting on a single company or single modality too early and instead think in terms of portfolios across modalities and layers of the stack. He noted that today's public quantum names remain highly correlated and often trade together on industry announcements, suggesting the market has not yet developed enough technical discrimination between winners and laggards. Key diligence factors include modality-specific scaling paths, error correction progress, algorithm breakthroughs, capital requirements, access to non-dilutive funding, technical talent, and whether a company controls a critical layer such as quantum memory, interconnect, networking, sensing, or software. Please see our QPU Progress Tracker in our The Quantum Spin series (link to The Quantum Spin No. 6– QPU Progress Tracker in Figure 2) for a holistic view of publicly disclosed performance metrics and progress across public and private quantum players. Mr. Rosenberg sees the eventual winners as potentially very large companies (possibly trillion-dollar-scale over time) but cautioned that it is still early, software may be too early until hardware matures, and investors need to build enough technical literacy to understand the gating factors without necessarily becoming quantum engineers.

Robotics: Skild AI

We hosted a fireside chat with Deepak Pathak, Co-Founder and CEO of Skild AI. Skild AI is building a general-purpose brain for physical systems, similar to what ChatGPT/Claude did for language but applied across robots, bodies, and tasks. The key distinction is Skild's "any robot, any task, one brain" approach where the same model controls humanoids, quadrupeds, arms, hands, and other motorized systems vs. being siloed into controlling one robot or one use case. According to Mr. Pathak, robotics has lagged other areas of technology because robotics has historically been treated as a hardware problem instead of a software/AI/data problem. Since there is no internet-scale robotics dataset, Skild's omni-body approach is designed to solve the data problem by allowing every action from every robot, across every form factor and customer environment, to improve one shared brain.

A major technical theme was adaptation and data bootstrapping. Mr. Pathak shared how classical robotics relied on explicit programming which works in constrained environments but fails when robots interact with messy real-world objects and dynamic environments. Skild pre-trains using human video and simulation, then post-trains with smaller amounts of high-quality teleoperation data, and finally improves through deployment data from real-world robots. This creates a robotics data flywheel: the model starts as a generalist "high-school student," gets specialized "PhDs" for specific applications, and then feeds that knowledge back into the general model. Mr. Pathak emphasized that rapid adaptation is possible because robot control happens through high-frequency electrical motor commands. A robot can adapt hundreds or thousands of times within seconds, allowing it to recover from failures like broken or disabled limbs. Skild's examples included low-cost commodity robots, robots operating with minimal sensors, stair-climbing, and even GPU assembly-type tasks that would be difficult for traditional automation because product cycles change too quickly.

Commercially, near-term robotics opportunity for Skild AI is deployment-ready physical AI that can achieve production-level accuracy, speed, and ROI. Mr. Pathak argued that what looks hard to humans can be easy for robots if it only involves body control (like backflips), while what looks easy to humans (like walking up/down the stairs) is often the real bottleneck. The key milestone investors should watch is whether robots can deliver reliable output in real production settings at required cycle times and minimal human intervention. Mr. Pathak also stated accuracy alone is insufficient unless it is paired with speed, robustness, and ability to fit into real-world workflows. Skild is betting robotics inflects when a shared, adaptive, omni-body model can turn heterogeneous robots into scalable labor substitutes across manufacturing, logistics, and other physical environments.

Robotics: Dyna Robotics

We hosted a fireside chat with Lindon Gao, Co-Founder and CEO of Dyna Robotics. According to Mr. Gao, Dyna is an application-oriented robotics company. The company's core product is DINO-1, a foundation model built for real-world robot deployment, and Dyna's research is focused on post-training and reinforcement learning to make models controllable and reliable. Dyna's early proof point was in towel/napkin-folding, where the robot achieved >99% success and is now producing hundreds of thousands of folded items daily while also expanding into manufacturing, hospitality, logistics, and warehouse-management applications.

Dyna is pursuing full-stack robotics with a semi-humanoid form factor vs. pure humanoid hardware approach or a software-only foundation model approach. Mr. Gao stated that that product-market fit in the robotics market comes down to ROI. A robot must generate human-comparable output at a cost below the value it creates. This is the reason why Dyna favors a wheeled lower body with a human-like upper torso where its machines can operate in ADA-compatible environments with higher efficiency and lower cost/complexity relative to a full humanoid. Mr. Gao also shared how embodied AI is closer to self-driving than LLMs and that to reach production-level throughput and quality, a company needs to control the model, hardware, controls, post-training, and deployment stack.

On commercialization, Mr. Gao emphasized that foundation-model robots are better suited to workflows than isolated conveyor-belt tasks. Traditional automation can outperform AI robots in repetitive, stationary, predetermined assembly-line motions, but foundation models become valuable when the job requires mobility, reasoning, dexterous manipulation, input/output management, and adaptation across a broader workflow. As a result, Dyna's near-term milestones centered around showcasing whether robots can deliver measurable ROI through human-level throughput, high autonomy, low intervention, and fast time-to-stable-performance. Mr. Gao's broader framework is around the physical AGI curve where robotics inflects when capability approaches human-level performance while time-to-stable-performance converges toward zero.

Exhibit 1: Stocks mentioned
Prices and ratings for stocks mentioned in this report

BofA Ticker	Bloomberg ticker	Company name	Price	Rating
ARW	ARW US	Arrow Electronics	US$ 219.09	B-2-9
AVT	AVT US	Avnet	US$ 86.81	B-2-7
CLS	CLS US	Celestica	US$ 371.71	C-1-9
YCLS	CLS CN	Celestica	C$ 518.57	C-1-9
CNXC	CNXC US	Concentrix	US$ 27.82	C-2-7
DELL	DELL US	Dell Inc.	US$ 394.39	C-1-7
DOCN	DOCN US	DigitalOcean	US$ 169.87	C-1-9
P	P US	Everpure Inc	US$ 72.17	C-2-9
FLEX	FLEX US	Flex Ltd.	US$ 151.92	B-1-9
HPE	HPE US	Hewlett-Packard	US$ 49.2	B-1-7
HPQ	HPQ US	HP Inc.	US$ 25.58	B-3-7
IBM	IBM US	Int Business Machine	US$ 284.84	B-1-7
NTAP	NTAP US	NetApp	US$ 167.04	B-2-7
NTNX	NTNX US	Nutanix	US$ 53.64	C-1-9
SNDK	SNDK US	Sandisk	US$ 1559.32	C-1-9
STX	STX US	Seagate	US$ 847.47	C-1-7
SMCI	SMCI US	Super Micro	US$ 41.64	C-3-9
WDC	WDC US	Western Digital	US$ 511.72	C-1-7

Source: BofA Global Research

BofA GLOBAL RESEARCH

Price objective basis & risk

Arrow Electronics Inc. (ARW)

Our PO of $233 is based on 11x our C27 EPS estimate. Our target multiple compares to median 8x of the long-term range 5x-12x. Arrow is a cyclical stock and in our opinion, this multiple is justified and effectively balances near-term risks with longer-term opportunities.

Upside risks to our price objective are: (1) faster-than-expected economic recovery and revenue and margin improvement, (2) faster-than-expected clearing of channel inventory, (3) higher share gains, (4) strong pickup in the semi cycle, (5) greater-than-expected margin accretion from restructuring, (6) higher-than-expected buybacks, (7) greater than expected accretion from high margin demand creation business and value-added services, and (8) higher mix of software sales and other netted down items.

Downside risks to our price objective are: (1) further weakening of the macro, (2) inventory taking longer to clear, (3) unexpected share loss, (4) inability to realize expected cost savings from restructuring, (5) a greater-than-expected slowdown of the semiconductor cycle, which would slow organic growth, (6) mis-execution with any future M&A, and (7) semiconductor companies deciding to go direct to customers by-passing distribution.

Avnet Inc. (AVT)

Our PO of $96 is based on 11x our C27E EPS. Our target multiple compares to the median 8x of the long-term range of 6-13x. In our opinion, this multiple balances near-term risk (lower revenue given weak economic environment, potential for weaker demand in 2H from higher commodity costs, and weak margins in both the core business and at Farnell partly driven by mix) with longer-term opportunity to grow margins at Farnell and as Avnet's demand creation and supply chain services grow and generate meaningful revenue.

Upside risks: (1) faster-than-expected economic recovery and revenue and margin improvement, (2) faster-than-expected clearing of channel inventory, (3) higher share gains, (4) strong pickup in the semi cycle, (5) greater-than-expected margin accretion from restructuring, (6) cross-sell opportunities between Farnell and the core business, and (7) higher-than-expected buybacks.

Downside risks: (1) further weakening of the macro, (2) inventory taking longer to clear, (3) unexpected share loss, (4) inability to realize expected cost savings from restructuring, (5) a greater-than-expected slowdown of the semiconductor cycle, which would slow organic growth, (6) mis-execution with any future M&A, and (7) semiconductor companies deciding to go direct to customers by-passing distribution.

Celestica Inc. (CLS / YCLS)

Our PO of $490 US for CLS is based on 34x our C27E EPS of $14.54. This multiple is higher than the median 10x of the long-term historical range of 5-45x. In our opinion, a multiple higher than the median and towards the higher end of the historical range is justified as revenue and EPS growth and margins for the company are now much higher than in the past. The corresponding PO for CLS CN is CAD670, applying USDCAD exchange rate of 1.3681.

Upside risks are 1) unexpected new program wins, 2) faster than expected recovery in the macro economy, 3) a faster than expected adoption of white-box Ethernet switches in the data center and 4) share gains from competitors.

Downside risks are 1) program delays or mis-execution on program ramps, 2) component shortages which can lead to delayed revenue or revenue loss, 3) slower than expected recovery in the macro economy which can impact demand in various end markets, 4) an unexpected slowdown in hyperscale customer capex and AI related spending, 5) share loss to other white box or OEM switch vendors, and 6) competition from Asian ODMs which can lead to pricing pressure.

Concentrix Corporation (CNXC)

Our price objective (PO) of $32 is based on 2.5x C27E EPS of $12.50. This multiple is inline with immediate competitors and lower than the median multiple (9x) of a broader set of CRM BPO and services peers. We apply a lower multiple given macro headwinds in what we perceive as a more back end loaded year, temporary pause in spending in some programs given tariff related uncertainty, and overhang related to impact from Generative AI.

Upside risks are a faster-than-expected recovery in in the macro leading to higher revenues and margins, faster recovery in revenue from new economy clients, faster-than-expected growth in emerging markets, unexpected share gains, and benefits from future M&A.

Downside risks to our PO are a worsening macro, which could cause customers to further pull back spending, uncertainty related to the impact from Generative AI, unexpected integration costs related to the Webhelp merger, competition for talent, rising wages, unexpected loss of a large customer, sovereign risk and currency risk.

Dell Technologies Inc. (DELL)

Our PO of $500 is based on approximately 20x our C27E EPS estimate of $24.57. Our target multiple compares to median 5x of historical range 3x-18x for Dell since it returned to the public markets in 2019. Dell went private in 2013 and prior to that the company had a very different structure. As such, we do not believe earlier historical trading multiples are meaningful. In our opinion, a multiple higher than the historical range is warranted given favorable exposure to AI (across servers, storage and PCs), improved storage portfolio, lower financial leverage and it balances opportunities to invest in core areas of growth, with ongoing weak macro.

Downside risks: faster-than-expected slowdown in the global economy, which could prove to be a headwind to revenue growth, faster-than-expected strengthening of the U.S. dollar, trade war with China, and higher-than-expected tariffs, Dell not being able to source needed processors from Intel, and unexpected share loss to competitors.

Upside risks: faster-than-expected revenue growth and market share gain, faster mix shift to storage and premium PC and server configurations, which can drive upside to margins, faster-than-expected ramp of sales teams, and adoption of AI that can drive upside to cash flow across PCs and servers (negative cash conversion cycle).

DigitalOcean (DOCN)

Our $200 PO is based on 37x C2028E EV/aFCF. Peers in the space trade between 16x-50x and we see DOCN as commanding a multiple in the high end of the range given their revenue growth and FCF accretion. We focus on FCF given the company is driving toward higher FCF faster rather than purely revenue growth. Our multiple is based on 20%-30% topline growth with improving FCF margins over time given DOCN has an attractive lifetime value/customer acquisition cost (LTV/CAC) profile.

Downside risks are slower than expected benefit from AI adoption, execution risk of managing a steep ramp and potential stranded capacity if demand ends up weaker. Additional risks are DigitalOcean is unable to scale (implying customers move to AWS/Google/Azure as they grow), self-serve acquisition model proves less effective, the company is unable to reach profitability, larger cloud companies release offerings catered to SMBs/start-ups/developers (similar to Amazon Lightsail) and shift to multi-cloud creates low barriers to entry.

Everpure Inc (P)

Our PO of $90 is based on 5x C2027E EV/Sales. This multiple compares to median 3x of historical range 2x-6x. We view this multiple as appropriate as it factors in long-term upside from increased use of NAND flash in datacenters, and balances that against increased risk to margins from higher component costs, from potentially different hyperscale contract structures, and from investments in OpEx needed to support growth in the Enterprise segment.

Upside risks to our PO are lower than expected margin drag from component cost increases, mix shift to more revenues from Pure's storage-as-a-service offering Evergreen//One, unexpected share gains from components, and unanticipated large M&A which can drive revenue growth faster than expected.

Downside risks to our PO are an extended economic slowdown, rising costs, competition from well-established vendors that control vast distribution networks and have the ability to deeply discount products for certain customers, competition from private companies, enterprise movement to the public cloud, execution-related issues due to the high-growth nature of the company, and erosion of its competitive advantage in operating software over time.

Flex Ltd. (FLEX)

Our price objective of $180 is based on 29x C27E EPS of $6.15. This multiple is higher than the long-term trading range of 4-25x. We believe that this multiple is justified as it accounts for the much higher growth and margins for the CPI segment. It balances that against near-term risk from lower revenues related to weaker end markets, margin headwind from component shortages, and higher logistics costs, versus longer-term expectation of improving mix, revenue growth and higher margins.

Downside risks: Unexpected downturn in the global economy, margin headwind from higher logistics costs, weaker-than-expected end markets, new program ramps taking longer than expected, share gains by competitors, unexpected restructuring and longer than expected time to pass through rising component costs.

Hewlett-Packard Enterprise (HPE)
Our PO of $80 is based on 20x our C27E EPS of $4.10. Our target multiple is above the median (9x) of the historical range (6x-13.0x). In our opinion, this multiple is justified as it balances positives including that HPE now has a better growth profile, and free cash flow will likely grow significantly by 2026 vs. near-term macro headwinds.

Downside risks to our PO are larger than expected economic slowdown due to inflation and rising interest rates, ongoing component availability concerns, more aggressive server pricing from peers, a faster than expected adoption of As-a-Service offerings which can pressure revenues in the near-term, unexpected share loss and slower than expected mix shift to higher margin products and services, FX headwinds, restructuring and execution challenges in relation to the JNPR acquisition.

Upside risks are share gains, steady margin improvement and lower than expected restructuring costs and better free cash flow, accretion from the JNPR deal.

HP Inc. (HPQ)
Our PO of $18 is based on 6x our C27E EPS of $3.06. This multiple is toward to lower end of the long-term range of 5-13x. In our opinion, this multiple is justified given it reflects near-term PC demand headwinds, Print outlook worsening, and leadership transition period.

Upside risks to our price objective are faster-than-expected recovery in PC demand and print supplies, strong capital return, large cost actions to support earnings, an unexpected recovery in the global economy, more than expected improvement in cash conversion cycle, unexpected share gain versus competitors, memory pricing normalizing faster than expected, and large transformative accretive M&A that drives earnings growth.

Downside risks to our price objective are increased price pressure in PCs and Print, weaker-than-expected macro, additional channel inventory correction required in light of lower demand in the near term, uncertainty about the company's pricing models in print, memory costs inflecting even higher, higher-than-expected restructuring costs that can pressure free cash flow, and FX headwinds favoring Japanese print competitors.

International Business Machines Corp. (IBM)
Our PO of $315 is based on 21x EV/FCF. Our target multiple for IBM exceeds the high end of the historical range 8-22x, with median 13x. We believe a multiple at the high end/exceeding the historical range is justified given the company's improving growth and FCF trajectory with Red Hat.

Downside risks to our price objective are (1) failure to execute on the company's growth roadmap, (2) inability to realize expected cost savings from restructuring, (3) technology/competitor risk in hardware, software, and services, (4) unforeseen currency impacts on revenue and profits, (5) acquisition integration, given IBM's acquisitive nature, and (6) increased concern of economic uncertainty and tightening corporate IT budgets.

Upside risks to our price objective are (1) faster reacceleration of topline, (2) faster improvement in margins, (3) better-than-expected accretion from M&A, and (4) delivery of upside to FCF.

NetApp Inc. (NTAP)
Our price objective (PO) of $180 is based on 20x C27E EPS of $9.04. This multiple compares with the historical range of 10-19x. We believe this multiple balances the near-term risk from lower margins on higher component costs and long-term technological pressure from emerging competitors, against benefit of revenue growth over time in All Flash Arrays.

Upside risks are faster-than-expected growth in public cloud revenues and lower than expected margin drag from component cost increases, unexpected share gain from competitors, unanticipated large M&A which can drive revenue growth faster than expected, and faster-than-expected penetration of Flash into the existing NetApp installed base.

Downside risks are extended component shortage, an unexpected slowdown in the economy, higher-than-expected inflation, higher and expected demand destruction as a result of higher pricing, stall in the installed base refresh, material share loss in the Flash and Converged technology space, including Hyper Converged to competitors, acceleration of storage moving to the public cloud, and decline in penetration and success beyond the top enterprise accounts.

Nutanix Inc (NTNX)
Our PO of $65 is based on 5x EV/C27E sales estimate. This multiple is towards the high end of the long-term range 2-6x. We believe a multiple at the high end of the range is appropriate given the better growth and profitability metrics that Nutanix is delivering and a larger TAM partially offset by weaker macro and constrained enterprise spending.

Downside risks to our PO are a more protracted downturn in the economy, delayed recovery in the supply chain, delays in hiring sales reps, increased competition from established vendors link Dell/EMC, HP Enterprise and NetApp making headway into the HyperConverged market, increasing DRAM and NAND cost hurting gross margins, sales reorganization resulting in slower billings growth or customer acquisition rate, and disruption with key partners or IT distribution channel.

Upside risks are faster than expected recovery in the macroeconomy and Enterprise IT spending, faster than expected recovery in sales rep count and higher than expected productivity, and unexpected share gains.

Sandisk Corporation (SNDK)
Our PO of $2100 is based on approximately 10x C27E EPS of $199 which is in line with SNDK's global memory peers' average due to similar profitability.

Upside risks: 1) we are earlier than expected in the NAND upcycle, 2) stronger than expected expansion in the NAND market on sales of AI enabled consumer products, 3) faster than expected eSSD market share gains, and 4) faster than expected recovery in NAND pricing.

Downside risks: 1) sharp drop in NAND prices due to oversupply, 2) Competition and over expansion from Chinese suppliers such as YMTC, 3) slower than expected adoption of AI enabled consumer products, and 4) share loss in eSSD market.

Seagate Technology (STX)
Our PO of $1000 is based on 34x our C2027E EPS estimate of $29.28. This multiple is above the high-end of its historical P/E range of 7x-32x, with median 12x, and is warranted in our view as demand continues to outpace supply, pricing continues to go

higher, and peak earnings can be higher than historical peaks. The multiple balances near-term headwinds against the return of a more rational HDD industry and return to revenue and EPS growth.

Downside risks to our price objective are: (1) any slowdown in cloud/data center spending, (2) worse than expected industry pricing, (3) increased usage of NAND flash vs. hard disk drives, (4) share loss to WDC in the enterprise HDD market, (5) further unit declines in desktops and notebooks, and (6) degradation of cash position and potential violation of credit facility covenants. Upside risks are: (1) higher than expected demand for HAMR drives, (2) better mix of high capacity/nearline HDDs, which could drive ASPs and gross margin higher, (3) improved technological advantage and total cost of ownership benefit over NAND flash so as to reduce SSD penetration, (4) consumer PC refresh cycle driving higher hard drive demand, and (5) improved free cash flow generation.

Super Micro Computer Inc. (SMCI)
Our PO of $28 is based on 7x our C27E EPS estimate of $3.80. Our target multiple compares to the median 11x of historical range 5x-36x. In our opinion, this multiple is justified as it balances the headwinds (risk to estimates related to recent headlines around export control and the indictment of individuals associated with Supermicro, competitive pricing environment and pressure on gross margins, on-going issues with component availability, possibility of needing to raise more capital to fund working capital, and on-going material weakness in internal controls related to financial reporting) against long-term positives (SMCI's strategic position in a growing AI server market, large manufacturing scale & competitive advantage in being able to customize designs and be an early launch partner for companies releasing GPU accelerators).

Upside risks are unanticipated share gains in the enterprise and sovereign space, competitive wins on new GPU platforms, and upside to GM from higher services attach.

Downside risks are impact to revenues and/or margins from recent headlines around export control and the indictment of individuals associated with Supermicro, continued price pressure from operating in a competitive market, worse customer mix, unexpected share loss, and manufacturing inefficiencies. Also, availability of components like GPUs can limit revenue growth. The company still needs to address material weakness in internal controls related to financial reporting.

Western Digital Corporation (WDC)
Our PO of $610 is based on 31x C27E EPS of $19.74. This multiple is at the high end of the historical range of 4x-34x, with median 9x and is warranted in our view as demand continues to outpace supply, pricing continues to go higher, and peak earnings can be higher than historical peaks. The multiple balances near-term headwinds against the return of a more rational HDD industry and return to revenue and EPS growth.

Downside risks are: (1) any slowdown in cloud/data center spending, (2) slower qualification and launch of HAMR drivers vs. expectations, (3) worse than expected industry pricing, (4) share loss to STX in the enterprise HDD market, (5) further unit declines in desktops and notebooks, (6) degradation of cash position and lower free cash flow and (7) failure of strategic actions to drive incremental value.

Upside risks are: (1) significant pickup in high capacity/nearline HDDs, which could drive ASPs and gross margin higher, (2) share gains in enterprise HDDs, (3) faster than expected launch and ramp of HAMR drives, (4) consumer PC refresh cycle driving higher hard drive demand, and (5) improved free cash flow generation and faster debt pay down.

Analyst Certification

We, Wamsi Mohan and Ruplu Bhattacharya, hereby certify that the views each of us has expressed in this research report accurately reflect each of our respective personal views about the subject securities and issuers. We also certify that no part of our respective compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

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BofA Securities is currently acting as joint financial advisor to ABB Ltd in connection with the sale of its Robotics Division to SoftBank Group Corp, which was announced on October 8, 2025.

US - IT Hardware and Technology Supply Chain Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Amphenol	APH	APH US	Wamsi Mohan
	Apple Inc.	AAPL	AAPL US	Wamsi Mohan
	Celestica Inc.	CLS	CLS US	Ruplu Bhattacharya
	Celestica Inc.	YCLS	CLS CN	Ruplu Bhattacharya
	Corning Inc.	GLW	GLW US	Wamsi Mohan
	Dell Technologies Inc.	DELL	DELL US	Wamsi Mohan
	DigitalOcean	DOCN	DOCN US	Wamsi Mohan
	Flex Ltd.	FLEX	FLEX US	Ruplu Bhattacharya
	Hewlett-Packard Enterprise	HPE	HPE US	Wamsi Mohan
	Ingram Micro Holding Corporation	INGM	INGM US	Ruplu Bhattacharya
	International Business Machines Corp.	IBM	IBM US	Wamsi Mohan
	Jabil Inc.	JBL	JBL US	Ruplu Bhattacharya
	Nutanix Inc	NTNX	NTNX US	Wamsi Mohan
	Sandisk Corporation	SNDK	SNDK US	Wamsi Mohan
	Seagate Technology	STX	STX US	Wamsi Mohan
	TD Synnex Corp	SNX	SNX US	Ruplu Bhattacharya
	TE Connectivity Plc.	TEL	TEL US	Wamsi Mohan
	Western Digital Corporation	WDC	WDC US	Wamsi Mohan
NEUTRAL				
	Arrow Electronics Inc.	ARW	ARW US	Ruplu Bhattacharya
	Avnet Inc.	AVT	AVT US	Ruplu Bhattacharya
	CDW Corp	CDW	CDW US	Ruplu Bhattacharya
	Concentrix Corporation	CNXC	CNXC US	Ruplu Bhattacharya
	Enovix Corporation	ENVX	ENVX US	Ruplu Bhattacharya
	Everpure Inc	P	P US	Wamsi Mohan
	NetApp Inc.	NTAP	NTAP US	Wamsi Mohan
	Sanmina Corporation	SANM	SANM US	Ruplu Bhattacharya
	Sensata Technologies Holdings Plc	ST	ST US	Wamsi Mohan
UNDERPERFORM				
	HP Inc.	HPQ	HPQ US	Wamsi Mohan
	Super Micro Computer Inc.	SMCI	SMCI US	Ruplu Bhattacharya
	Teradata Corporation	TDC	TDC US	Wamsi Mohan
	Vishay Intertechnology, Inc.	VSH	VSH US	Ruplu Bhattacharya

Disclosures

Important Disclosures

Equity Investment Rating Distribution: Electronics Group (as of 31 Mar 2026)

Coverage Universe	Count	Percent	Inv. Banking Relationships [R1]	Count	Percent
Buy	34	56.67%	Buy	17	50.00%
Hold	10	16.67%	Hold	3	30.00%
Sell	16	26.67%	Sell	6	37.50%

Equity Investment Rating Distribution: Technology Group (as of 31 Mar 2026)

Coverage Universe	Count	Percent	Inv. Banking Relationships [R1]	Count	Percent
Buy	234	58.50%	Buy	123	52.56%
Hold	90	22.50%	Hold	43	47.78%
Sell	76	19.00%	Sell	23	30.26%

Equity Investment Rating Distribution: Global Group (as of 31 Mar 2026)

Coverage Universe	Count	Percent	Inv. Banking Relationships [R1]	Count	Percent
Buy	1993	55.76%	Buy	1186	59.51%
Hold	821	22.97%	Hold	509	62.00%
Sell	760	21.26%	Sell	400	52.63%

[R1] Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster[R2]
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

[R2]Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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