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Orbit Shift: Sizing Up the Impact of SpaceX and Mega IPOs

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Key Takeaways

- Mega IPOs like SpaceX are bringing large private-market platform companies into public markets, raising important questions about valuation, liquidity, index inclusion and durable economics.
- SpaceX reflects a broader trend: breakthrough companies are expanding beyond their original markets, combining businesses across traditional market sectors within a single platform.
- Fundamental research and active management help distinguish durable economics from hype while calibrating exposure as valuations, risks and market dynamics evolve.

One Giant Leap for Public Markets

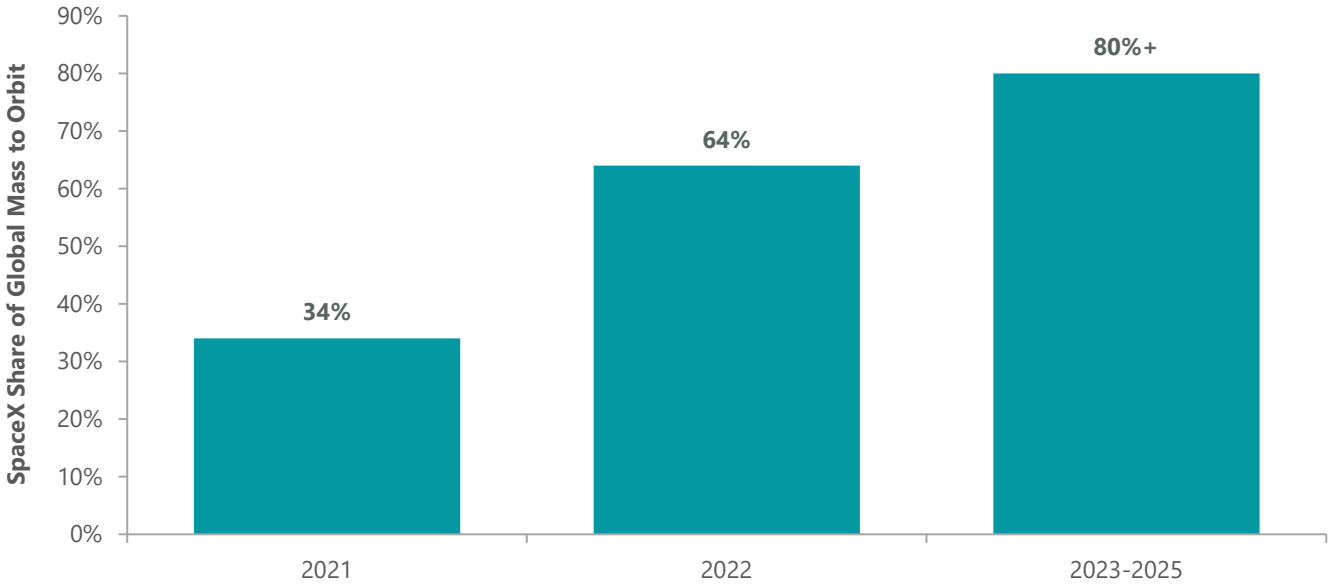
Large IPOs are returning to public markets, and few have the potential to test investor discipline like SpaceX. Its transition from private-market icon to public-market investment opportunity is rare: it is a business with strategic relevance, a visible technological advantage and ambitions across multiple end markets. IPO terms imply roughly $75 billion of proceeds and a valuation near $1.8 trillion. SpaceX is also part of a broader wave of mega IPOs from platform companies, with potential listings from OpenAI and Anthropic poised to change the dynamics of U.S. equity markets.

From Rockets to Platforms

SpaceX is widely understood as a space company, but that description may be too narrow. Its core advantage begins with reusable rockets and boosters, which can provide a structural cost advantage (Exhibits 1 and 2). Lowering the cost of delivering payloads into orbit is the essential input for a broader platform spanning satellite broadband, secure government communications, direct-to-device connectivity and potentially space-based computing.

That differentiated launch advantage makes SpaceX look less like a traditional aerospace contractor and more like today's dominant platform companies when they were still defined by a single breakthrough capability. Microsoft began with PC software, Amazon with e-commerce and Google with search; each used that initial advantage to expand into adjacent markets that were difficult to foresee. SpaceX's playbook starts with reusable launch, but its ambitions already extend well beyond rockets.

Exhibit 1: SpaceX Has Become Dominant in Orbital Launch…



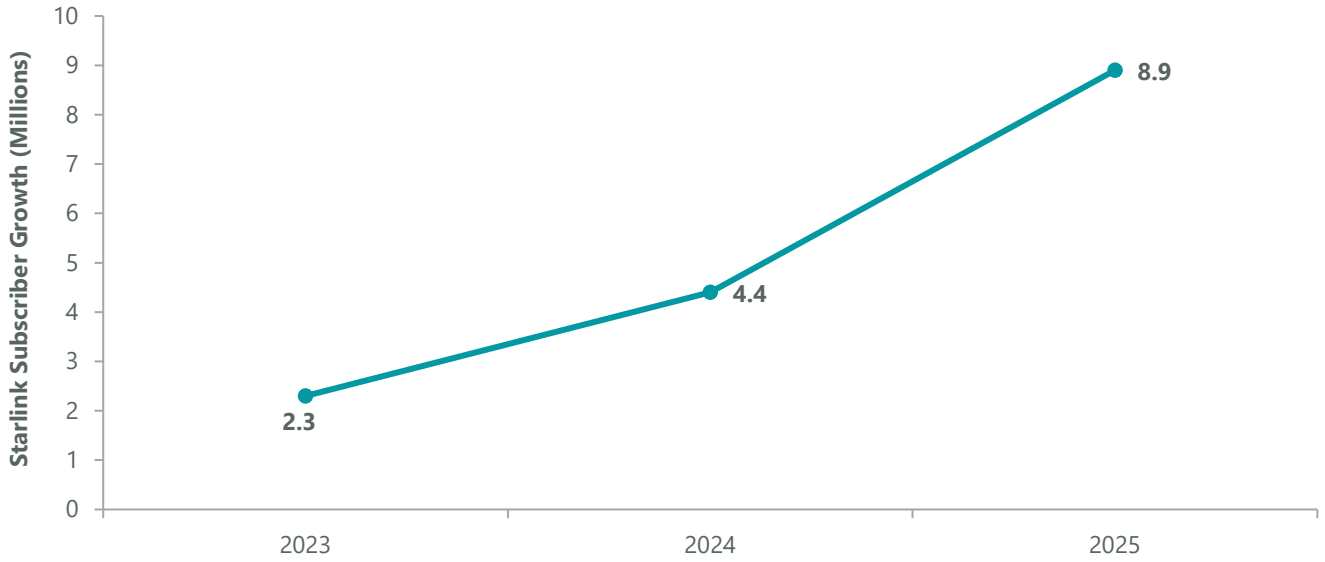
Source: SpaceX S1.

Exhibit 2: …While Lowering the Cost Per Payload

Source: SpaceX S1. Falcon 9 and Falcon Heavy are two orbital, partially reusable rockets developed by SpaceX.

Starlink may be the clearest proof that SpaceX can turn launch advantage into a scalable commercial business (Exhibit 3). Its low-earth-orbit satellite network delivers internet through satellites orbiting much closer to Earth than traditional geostationary satellites. As of March 31, Starlink has 10 million subscribers across 164 countries and operates ~9,600 Starlink satellites. Large payload rockets and satellites specialized for orbital compute infrastructure are envisioned to power future growth.

Exhibit 3: Starlink Hitting Escape Velocity



Source: SpaceX S1.

SpaceX has achieved this lower cost to orbit through the vertical integration of its breakthrough technologies in rocket manufacturing and operations. In planning to extend this playbook into AI infrastructure, SpaceX has the potential to garner impressive pricing power in leasing compute capacity that was built in record time. Early indications suggest SpaceX's data center architecture, including integrated power and closed-loop cooling, is lower cost than industry benchmarks. Moving forward, the key question is if SpaceX can leverage these competitive advantages in orbital access to scale and improve the economics of AI compute in space.

Beyond One Company: The Space Ecosystem Expands

SpaceX may be the most visible participant in the new space economy, but it is not the only company connected to growing space-based infrastructure. Major technological shifts often create value across ecosystems rather than exclusively in the category leader; the commercialization of space could follow a similar pattern.

Growth in launch activity, satellite deployment, national security space programs and orbital communications could affect a wide range of businesses. Rocket Lab participates in launch and spacecraft systems, while L3Harris supplies satellites, payloads and mission-critical technologies. Space-adjacent companies may also benefit without being pure plays: Linde and Howmet Aerospace supply industrial gases, materials and manufacturing inputs; Nvidia and Broadcom provide computing and networking technologies; and Moog and Parker Hannifin supply precision components and motion-control systems.

Economic value may accrue across multiple layers of the value chain, from launch and satellites to defense, data, semiconductors, industrial inputs and highly engineered components. That broader opportunity set is where active research can be especially valuable.

Mega IPO, Mega Challenges

The rise of large, technology-enabled platform companies also highlights a broader challenge: traditional sector classifications are becoming less useful for some disruptors. The Global Industry Classification Standard (GICS) has historically provided a sensible way to organize the economy. Industrials included aerospace, defense and capital equipment; communication services covered connectivity; information technology captured software, semiconductors and computing infrastructure; and materials included industrial inputs. That framework remains

useful, but companies built around foundational technologies increasingly combine business models and competitive dynamics from several categories at once.

This is not limited to space. AI platforms such as OpenAI and Anthropic are often discussed as software companies, but their businesses also touch cloud computing demand, enterprise productivity and infrastructure software.

Disruptive companies that cross sectors complicate the question of sector classification, as investors cannot rely only on a peer group, sector label or benchmark weight to guide sizing decisions. They need to evaluate each business line's economics, understand the advantages connecting them and assess the capital intensity and execution risk required to scale. In SpaceX's case, that means analyzing the company as more than rockets while still determining whether each opportunity can become durable and profitable.

Mega cap IPOs create a second challenge: market structure can temporarily compete with fundamentals. If companies such as SpaceX, OpenAI and Anthropic enter public markets at very large valuations, their listings could quickly become important for benchmarks, capital flows and investor positioning. A company of SpaceX's expected size, combined with a potentially limited initial float, could generate unusual trading dynamics as passive funds, benchmark-aware investors and active managers all respond to index inclusion decisions, liquidity constraints and share scarcity.

These dynamics matter beyond SpaceX. If more, large private-market platform companies become public, their listings could influence capital flows, index composition and the emergence of a new cohort of perceived "must-own" stocks. That by itself does not make them unattractive, but it does raise the bar for discipline. In our view, a great company does not automatically represent a great investment at any valuation.

For active managers, the analytical task is twofold. First, evaluate the long-term fundamental opportunity: competitive advantage, addressable markets, business-line economics, capital intensity and durability of returns. Second, understand the market-structure backdrop: float, index treatment, passive demand, liquidity and potential price dislocations. Active management does not eliminate these forces, but it provides flexibility to distinguish the long-term thesis from near-term trading dynamics and to adjust exposure as valuation and risk evolve.

Seeking Durable Disruption

In the new space economy, the onus on investors is not simply to identify the most visible disruptor, but to determine where durable economics, sound valuation and long-term competitive advantages are most likely to create sustainable shareholder value. Space may be the next frontier for public markets; the investment challenge is determining which business models can travel as far as their founders' vision.

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