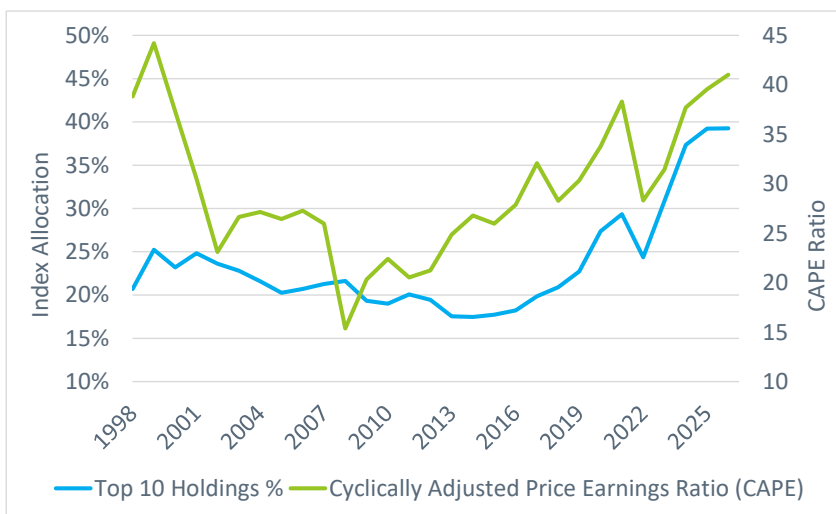


## The Mega Cap IPO Wave

The upcoming listings of SpaceX, OpenAI, and Anthropic represent a major structural event in US equity index composition. For US equity investors, including those using passive strategies, this wave may introduce dispersion across benchmarks. Understanding both index inclusion mechanics and the differences in provider responses is important. As experienced recently with Tesla’s staggered inclusion across index providers, the near-term performance dispersion can be meaningful.

These IPOs also coincide with an existing market structure and valuation which presents key risks for long-term investors to consider. Specifically, the valuation and concentration levels of broad US equity indexes are increasingly elevated, as displayed in Figure 1. Incrementally, these IPOs could push these levels higher in the future, but the investor demand for these company IPOs also characterize the strong momentum being experienced by stocks tied to the current innovation themes in US equity, namely artificial intelligence and space commercialization.

Figure 1: S&P 500 Valuation & Concentration History



Sources: FactSet and Yale. <http://www.econ.yale.edu/~shiller/data.htm>  
As of May 31, 2026.

### Changing IPO Inclusion Rules

Three of the most valuable private enterprises in history are expected to enter public markets within a single calendar year. Their combined eventual issuance could exceed \$200 billion, more than four times the entire 2025 US IPO market of \$47 billion,<sup>1</sup> although valuation estimates will fluctuate between now and listing dates. No matter the final issuance value, these listings represent a significant development for investors in the US large cap segment.

#### SpaceX

Targeting Nasdaq listing (SPCX), with trading expected to begin on June 12, 2026. Initial float of \$75 billion based on total company valuation of \$1.75 trillion.

#### OpenAI

Targeting a public offering at an approximately \$850 billion valuation in the fourth quarter of 2026.

#### Anthropic

Confidentially filed its S-1 with the SEC following a \$65 billion Series H funding round that valued the company at \$965 billion, with a listing targeted for October 2026.

<sup>1</sup>EY Analysis, Dealogic. [https://www.ey.com/en\\_us/insights/ipo/ipo-market-trends](https://www.ey.com/en_us/insights/ipo/ipo-market-trends)

In response, index inclusion rules have been materially revised by FTSE Russell and Nasdaq to reduce the lag between the initial listing and inclusion for newly public companies with substantial market capitalization levels. Other index providers, CRSP and MSCI, have similar existing flexibility in place for including large cap IPOs into their indexes in a timely manner.

- FTSE Russell: IPOs exceeding the top 500 market-cap threshold are now eligible five trading days after listing rather than at the next quarterly review.<sup>2</sup>
- Nasdaq: Reduces the Nasdaq-100 inclusion window from roughly three months to 15 trading days for companies in the top 40 of total market capitalization. The minimum float rule has also been removed.<sup>3</sup>

S&P Dow Jones Indices also conducted a consultation around the potential for relaxing requirements that listings have at least twelve months of trading, positive cumulative earnings over the trailing four quarters and positive earnings in the most recent quarter. Ultimately, it was determined that these rules would not be changed.<sup>4</sup> This represents a marked difference from the other providers, with newly listed companies excluded from the S&P 500 Index for at least twelve months but included elsewhere.

Accelerating the inclusion of these companies into public indices presents both potential advantages and tradeoffs. Earlier inclusion allows indices to capture near-term performance and provides a more timely representation of the full opportunity set. Delayed inclusion, however, may reduce uncertainty related to private investor exits, associated valuation risks, and the potential market response to governance models used by these companies.

### Expected Index Weight and Composition

With regard to how SpaceX and others are expected to alter the structure of these indices, the critical variable is float, not total market capitalization. SpaceX is expected to raise approximately \$75 billion, representing only 4.3% of its \$1.75 trillion valuation. Because all major indices are float-adjusted, initial weights will be far lower than headline valuations imply. For example, at a full float, SpaceX would likely enter broad indices, such as the Russell 1000 Index, at a weight above 2%. However, at the current target float, its index weight will likely be below 0.2%. As lock-ups for shares held by private investors expire over the next six months and additional shares enter the market, this index weight should increase. However, even at a 30% float, the index weight for SpaceX will likely remain below 1%, assuming a similar company valuation.

The potential future weights of these companies are not insignificant as they are likely to increase the exposure to trending growth themes within public equity indices. As market responses and individual

<sup>2</sup>LSEG, FTSE Russell Insights, May 27, 2026. <https://www.lseg.com/en/insights/ftse-russell/faster-large-cap-entry-to-the-russell>

<sup>3</sup>Nasdaq, June 4, 2026. <https://www.nasdaq.com/articles/new-fast-tracks-account-older-company-ipos>

<sup>4</sup>S&P Global, June 4, 2026. <https://press.spglobal.com/2026-06-04-S-P-Dow-Jones-Indices-Consultation-on-Treatment-of-MegaCap-Companies-Results>

company valuations evolve, these listings may influence present market risks and serve as a reminder for investors to remain prepared to rebalance their US equity exposures to align with their asset class structure and strategic asset allocation targets.

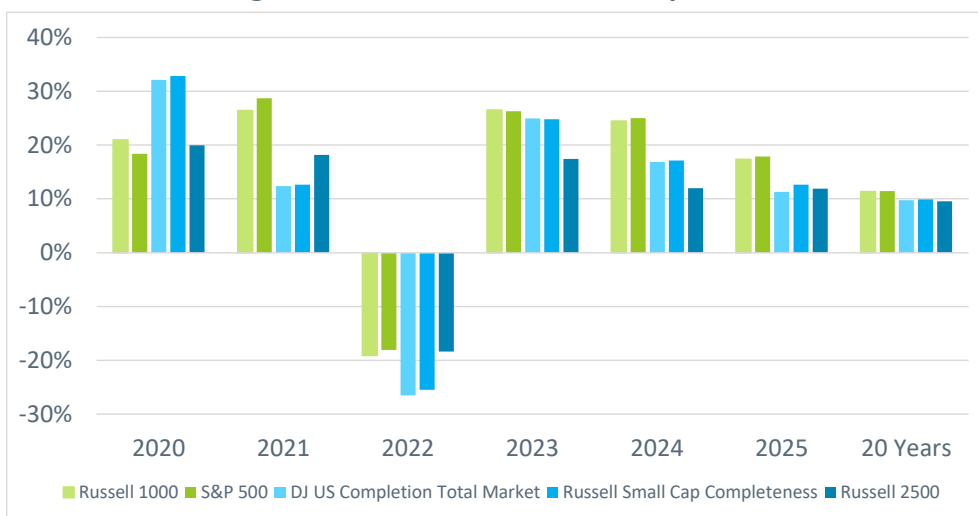
### Potential Near Term Implications

The differentiated treatment used by these index providers have real consequences for investors, especially those with passive exposure to the US Large Cap and US Small/Mid Cap segments. Notably, there are indices which hold all US equity stocks that are not included in the S&P 500 Index. The Dow Jones US Completion Total Stock Market Index and Russell Small Cap Completeness are commonly used by passive strategies to offer broad US Small/Mid Cap exposure. These portfolios can differ considerably from the rules-based construction of the Russell 2500 Index, which is comprised of the Russell 2000 Index and bottom 500 stocks from the Russell Mid Cap Index.

There are historical instances of a lag between inclusion in the Russell Indices and the S&P 500 Index. The most relevant example is the exclusion of Tesla in 2020–21 from the S&P 500 Index. The stock’s market capitalization increased significantly and while the company met the necessary criteria by September 2020, the index committee opted to delay its addition to the S&P 500 Index until November 2020. During this period, Tesla was held in US equity completion indices, including those offered by Dow Jones and Russell. These indices are constructed to include all stocks outside the S&P 500, resulting in Tesla’s inclusion despite its large size.

This dynamic led to an atypical performance dispersion between the Russell 1000 Index and S&P 500 Index, but also between the Russell Small Cap Completeness, Dow Jones US Completion Total Market Index, and Russell 2500 Index (Figure 2). These normalized to an extent once Tesla was added to the S&P 500 Index in late 2020. Ultimately, the long-term annualized returns of these different options are fairly similar. However, it is clear that the indices that added Tesla earlier in 2020 (Russell 1000 Index and the completion indices) provided a meaningfully different return pattern to investors compared to other options.

**Figure 2: Index Performance Comparison**



Source: eVestment. As of May 31, 2026. Trailing 20-year returns are annualized.

### Conclusion

There is no guarantee that the type of dispersion experienced during the Tesla episode will repeat with SpaceX or these other prospective mega-cap IPOs; however, investors should be aware of these construction differences when evaluating the performance and risk across the different components of their US equity portfolio. The longer-term results suggest that the near-term impacts of these constituent dispersions have tended to be limited. However, the differences in construction rules remain—especially in the US Small/Mid Cap space—making it clear that index selection in passive investing is an active decision for investors to understand.

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