A Historic Year for Mega IPOs

An IPO, or initial public offering, is when a private company offers its shares to the public for the first time, becoming a publicly traded company. In June 2026, SpaceX launched the biggest IPO in history, raising$75 billion upon its debut with a valuation of nearly $1.8 trillion.[1] The frenzied artificial intelligence (AI) race helped drive global IPO proceeds of $207 billion in the first half of 2026, by far the highest half-year total since 2021.[2]

Over the last couple of decades, many startups had access to private capital, so they could wait longer, and grow larger, before listing their shares. The median age of IPO companies was 12 years old in 2025, up from six in 2000 (at the height of the dot-com boom).[3] IPOs help fuel the growth of innovative new companies and add more stocks to the pool of potential investments. To encourage more small and mid-size companies to join the public market, the U.S. Securities and Exchange Commission (SEC) has proposed to ease the regulatory burden by streamlining compliance and reducing reporting requirements for newly public companies.[4]

IPO hype

A large gain after the onset of trading (called a "pop") suggests that investor demand was greater than the supply of available shares. Of course, this doesn't mean that the company will outperform its peers in the long run.

Many investors who request allocated shares don't get the opportunity to buy shares at the offering price. And those who buy the stock after the market opens may miss out on the "pop," because much of the appreciation can take place between its pricing and the first stock trade.

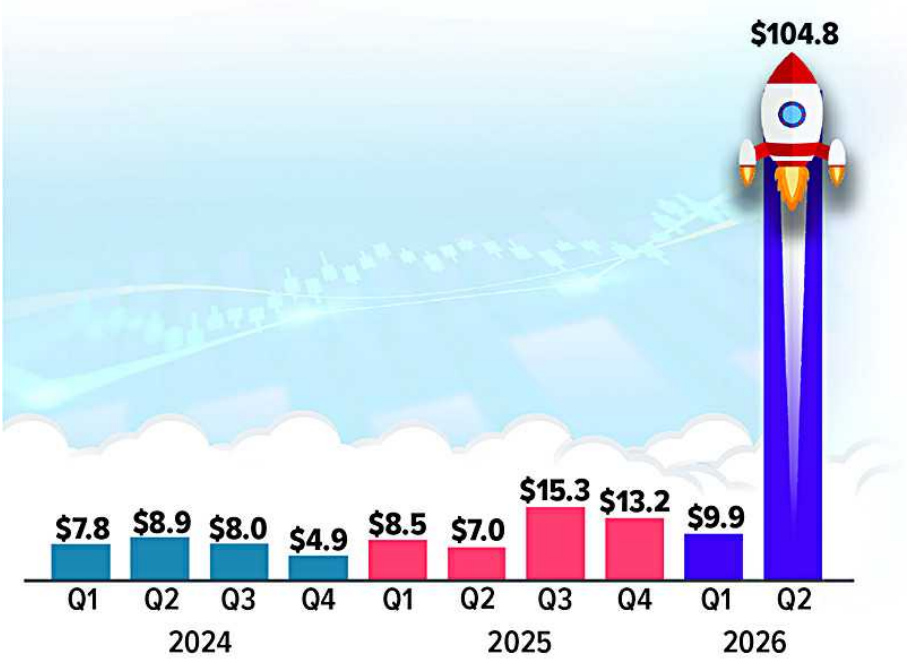
Investors who purchase the stock of a newly public company should have a relatively high tolerance for risk. A young company may have a limited track record, and an established one may have to disclose more information to the public soon after it's listed. Share prices can be volatile over the following weeks or months as the excitement dies down, and the focus turns to fundamental performance measures such as revenues and profits.

Index adjustments

SpaceX became one of the world's 10 largest companies overnight, and two leading AI companies are expected to go public in late 2026 or 2027.[5] Investors who own market-weighted index funds in a retirement or brokerage account might wonder how these and other mega IPOs could change the risk-return profile of their portfolios.

IPOs are added to indexes based on their listing exchange, size, and each index's specific rules. For example, new fast-entry rules allow Nasdaq indexes to add large IPOs in just 15 trading days. For MSCI indexes, the required waiting period is 10 days, and it's just five days for FTSE Russell and CRSP. The S&P 500, a well-known benchmark for large-cap U.S. stocks, chose to retain its profitability screen and longer 12-month seasoning period.[6]

U.S. IPO proceeds, in billions



Source: Renaissance Capital, July 2026 Moreover, most weighted indexes adjust a company's market value by how much of its stock is freely available to trade — or its "float." When an IPO's float is limited (like SpaceX at 5%), it significantly reduces the initial impact of the stock on indexes.

The return and principal value of stocks and funds fluctuate with changes in market conditions. Shares, when sold, may be worth more or less than their original cost. Investments offering the potential for higher rates of return also involve a higher degree of risk. The S&P 500 Index is an unmanaged group of securities considered to be representative of the U.S. stock market. The performance of an unmanaged index is not indicative of the performance of any specific investment. Individuals cannot invest directly in an index.

Funds are sold by prospectus. Please consider the investment objectives, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other information about the investment company, can be obtained from your financial professional. Be sure to read the prospectus carefully before deciding whether to invest.

1, 5) Bloomberg, June 11, 2026; 2) Dealogic, 2026; 3) University of Florida IPO Initiative, December 31, 2025; 4) U.S. Securities and Exchange Commission, 2026; 6) Morningstar.com, June 12, 2026

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