

The new wave of mega IPOs: Excitement vs reality.

After several years of subdued public listings, investors may be on the verge of witnessing one of the largest waves of high-profile IPOs in history.

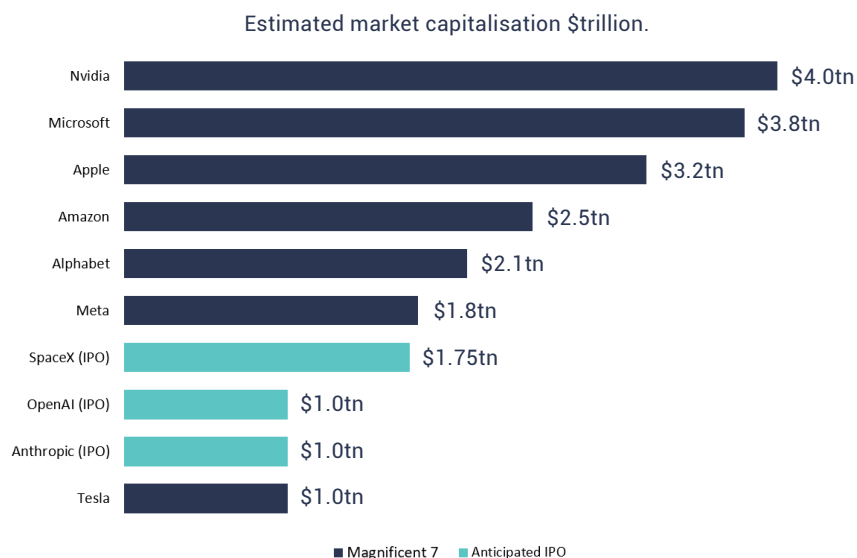
Companies such as SpaceX, Anthropic, OpenAI, Revolut and Canva have attracted billions of dollars of private capital, allowing them to delay public listings while continuing to grow at extraordinary rates. As a result, public market investors have had limited access to some of the world's fastest growing businesses.

That may now be changing.

As these leaders in their respective industries move towards public listing, they are introducing a new set of companies to public markets. For investors this creates both opportunities and challenges. Many of these companies are at the scale required for inclusion in major large cap indices, making them some of the most significant potential additions to global equity markets.

The next generation of market giants

Future IPO's are already comparable in size to the magnificent 7.



Source: Bloomberg, Financial Times, Reuters and company announcements as of May 2025. Market capitalisation rounded.



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Even a business reaching for the stars isn't guaranteed to deliver stellar returns.

For investment managers and advisers, this raises important questions.

Will these companies immediately become major holdings in global equity portfolios? How quickly will they enter market indices? Will sustainable investment strategies be able to own them? And perhaps most importantly, does buying a newly listed company automatically improve investment outcomes?

The challenge is less obvious.

While IPOs often generate considerable excitement but, newly listed companies present unique challenges, as many of the characteristics relied upon when assessing risk and return may still be difficult to evaluate. Limited free float, concentrated ownership, uncertain valuations, evolving governance structures and incomplete public financial histories can make assessing their true investment merits more difficult than many headlines suggest.



As systematic investment managers, we are less concerned with finding innovative, disruptive or popular companies. Our process seeks to identify securities whose characteristics suggest a higher expected return than is currently implied by market prices. Any addition must contribute efficiently to a diversified factor portfolio and remain consistent with the objectives and constraints of the strategy we manage on behalf of clients. Many successful businesses have proved disappointing investments when purchased at excessive valuations. Equally, some companies that initially generated little excitement have gone on to deliver exceptional long-term shareholder returns.

For this reason, GSI evaluates every newly listed company using the same disciplined framework applied across our portfolios. We do not make exceptions for headline grabbing, media attention or market enthusiasm. We focus on the characteristics that ultimately drive portfolio outcomes.

The IPO watchlist: What matters to GSI

GSI does not treat IPOs as a standalone opportunity set, nor do we chase early-stage trading activity. We do not have a blanket policy of exclusion for a period of time. We apply the same evidence based criteria to IPOs as to any other security: proven fundamentals, sufficient liquidity and a clear role within a diversified portfolio. Unlike benchmark driven managers or index funds, we are not forced buyers and unlike some systematic peers, we do not rely on rigid definitions. Our process allows us to incorporate new issuers when they genuinely enhance expected returns and portfolio resilience.

Successful investing is about disciplined assessment, not IPO excitement. Liquidity, valuation and governance matter more than media attention.

Assessment area	Why it matters
Liquidity & Free Float	Can the shares be traded efficiently at institutional scale?
Index Eligibility	Does the company meet the requirements for inclusion in major benchmarks?
Valuation	Is the market price supported by realistic expectations of future cash flows?
Financial Quality	Are profitability, margins and balance sheet strength sufficiently robust?
Share Issuance	How does the IPO affect shareholder dilution and capital allocation characteristics?
Governance	Are shareholder rights, board independence and oversight structures appropriate?
Sustainability	Does the company satisfy the eligibility criteria applied within the Global Aware Funds?
Portfolio Fit	Does inclusion improve the portfolio's overall risk and return characteristics?

Despite their scale and market interest, several leading IPO candidates are not currently profitable, including SpaceX, OpenAI and Anthropic.

The IPO watchlist: Key considerations

The table below highlights several of the most widely anticipated IPOs and some of the key considerations that would form part of our assessment process.

Company	Business focus	GSI key considerations
SpaceX	Aerospace, Satellites & Communications	Free float, defence exposure, governance, valuation, index eligibility
OpenAI	Artificial Intelligence	Ownership structure, governance, valuation, index eligibility
Anthropic	Artificial Intelligence	Governance, ownership concentration, valuation
Stripe	Payments Infrastructure	Financial quality, valuation, growth sustainability
Databricks	Data & AI Infrastructure	Valuation, profitability, growth expectations
Canva	Software	Profitability, governance, index eligibility
Revolut	FinTech	Regulatory oversight, governance, profitability
Shein	E Commerce	Supply chain risks, labour standards, ESG assessment

We do not buy companies because they are popular. We buy them when their characteristics support higher expected returns.

The Investment Committee's Perspective

The arrival of companies such as SpaceX, Anthropic and OpenAI is undoubtedly exciting for investors. However, successful investing requires separating the quality of a business from its attractiveness as an investment.

The companies that generate the most headlines are not always the companies that generate the best long-term returns. That is why every IPO, regardless of its profile, is assessed through the same disciplined investment framework that underpins the Global Aware and Global Aware Focused Funds.

Upcoming IPOs in 2026

Company	Factor Value/ Growth Factor	Free Float & Liquidity	Estimated Total Market Cap	Estimated Free Float at IPO	Profitability Factor	ESG & Defence Notes
SpaceX	Deep Growth (very low B/M; long duration)	Low	~\$1.5–1.7tn	\$75–87bn	No	Defence exposure; governance
OpenAI	Deep Growth	Low	~\$1tn	\$50–100bn	No	AI governance scrutiny
Anthropic	Deep Growth	Low	~\$1tn	\$50–100bn	No	AI safety/governance
Shein	Growth	High	~\$60–90bn	\$9–22.5bn	YES	Supply chain & labour ESG
Data-bricks	Deep Growth	Moderate	~\$62bn	\$6.2–9.3bn	NO	Low ESG controversy
Stripe	Growth	Moderate	~\$50–60bn	\$5–9bn	YES	Low ESG controversy
Canva	Growth	Moderate	~\$25–40bn	\$2.5–8bn	YES	Low ESG controversy
Revolut	Growth	Moderate	~\$25–30bn	\$2.5–6bn	Borderline	Regulatory scrutiny
Klarna	Growth	Moderate	~\$15–20bn	\$1.5–4bn	No	Consumer credit ESG

All valuation ranges are taken from publicly reported secondary market transactions, funding rounds or IPO related reporting from the following outlets available as of 2024–2025:

- Bloomberg – SpaceX, OpenAI, Anthropic, Databricks, Stripe, Canva, Klarna
- Financial Times – OpenAI, Shein, Revolut, Klarna
- Reuters – Anthropic, Shein, Revolut

Market cap estimates are based on publicly reported secondary market transactions and media coverage. Expected free float and liquidity ranges are indicative only, based on typical late stage tech IPO patterns. Actual figures will be confirmed upon publication of each issuer's prospectus.

SpaceX: What happens when a market favourite lists?

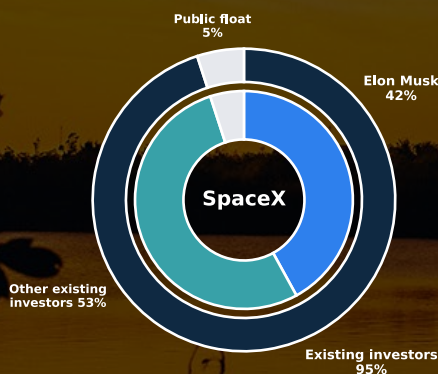
Among the companies expected to reach public markets, none has generated more investor interest than SpaceX.

SpaceX is targeting a valuation of the total market cap of \$1.75 trillion. SpaceX is clearly a remarkable private business that has transformed commercial access to space, and satellite communications through Starlink.

From a portfolio perspective, several questions remain more important than the company's technological success.

Free float and liquidity

Current expectations suggest that Elon Musk and existing shareholders will retain the vast majority of ownership, resulting in a relatively low free float. While the headline valuation may be enormous, a limited proportion of shares available for trading can reduce liquidity, increase volatility and make it more difficult to establish meaningful positions.



SpaceX has indicated an offering of around 4-5% of shares outstanding. Therefore, the free float adjusted market cap will be far smaller than \$1.75tn at around \$87bn. At that level, it would rank at around the 200th company in size across global developed markets. The 200th ranking company has a weight in the MSCI World IMI index of just under 0.09% or 9bps. Whilst SpaceX plans to issue more shares in due course, its initial weight in global stock market indices will be far lower than the implied total market value would suggest.

Voting control

SpaceX dual class share structure gives founders and insiders significant greater control than their shareholding alone would suggest. Elon Musk owns approx. 42% of the company's shares, his Class B shares carry ten votes each – giving him around 85% of the voting rights. This concentration of control is an important governance consideration.

Index eligibility

Many investors assume a company automatically enters global benchmarks once it lists. Index providers apply a range of criteria, including free float, liquidity and governance requirements.

Several index providers have already indicated whether or not they will include SpaceX. Nasdaq, FTSE Russell and Morningstar/CRSP have said that they will include it in their indices. However, S&P has stated that SpaceX will not be included in the S&P 500 index for now as the company does not meet its profitability screen. MSCI will likely include it as it has a fast-track process to include very large companies but will determine the level of inclusion once the company floats.

Valuation

Private market transactions suggest SpaceX could debut at a valuation more than established global industrial and technology companies. Investors must judge how much future success is already priced in. History shows exceptional businesses can disappoint when purchased at excessive valuations.

Given the targeted stock price at issuance of \$135, the valuation of SpaceX would be extremely high. For example, it's price-to-book would be over 15x, and price-to-sales would be around 95x.

Financial quality

Public markets reward businesses that can consistently generate attractive returns on capital and sustainable cash flows.

Although SpaceX has reportedly achieved profitability in certain parts of its business, investors currently have limited visibility into the company's full financial profile. Questions remain around margins, capital requirements, cash generation and the economics of future growth initiatives.

At the time of issuance, the company is not expected to be profitable on a consolidated basis.

Share issuance and factor characteristics

Within a factor-based framework, significant share issuance can affect characteristics such as Share Change and shareholder dilution. Newly listed companies therefore often enter the investment universe with less favourable scores on certain metrics than more established businesses.

This does not preclude investment, but it forms part of the overall assessment for inclusion in our portfolios and the calculation of a company's 'factor score'.

Sustainability and governance

SpaceX's relationships with government and defence organisations, its potential exposure to product involvement thresholds, including the 10% revenue criterion, and aspects of its governance arrangements would all require careful evaluation before any eligibility decision could be reached.

Portfolio construction

Our portfolios are designed around a combination of factor characteristics, diversification principles and sustainability requirements.

Companies earn their place within the portfolio through the strength of their overall characteristics rather than through market capitalisation alone.

We will evaluate SpaceX once it is listed and we have the required information to assess its free float, liquidity, factor and ESG scores, and product involvement levels. It may be excluded from the Global Aware Focused Value Fund due to valuation screens. If it is not excluded due to product involvement screens, then it may qualify for inclusion in the Global Aware Value Fund. However, as it will have very low factor scores, we expect it to have a weight in the portfolio substantially lower than its estimated free float adjusted market weight of 9bps.

SpaceX: Valuation vs opportunity.

A large valuation does not automatically translate into a large index weight or portfolio position.

\$1.75tn

Total company value
(Headline valuation)



Only ~5% available to public investors

\$87bn

Investable free float
(Estimated IPO float -5%)



Drives index inclusion based on liquidity & free float

0.09%

**Approximate MSCI
World IMI Index Weight**

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Systematic factor investing with ESG awareness