



Photo: SpaceX

# The SpaceX IPO and the Mechanics of Index Inclusion

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11 June 2026

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# 1. Introduction

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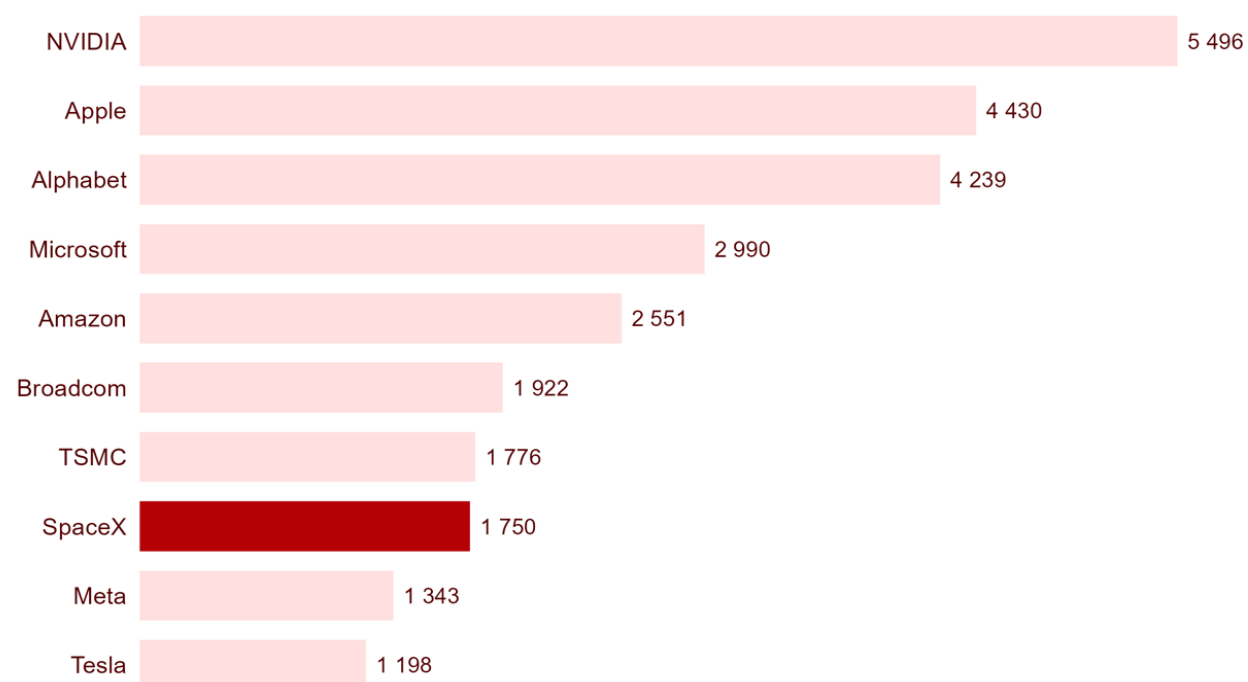
For most investors, the interesting question is not whether SpaceX is a great engineering company. It plainly is. The interesting question is structural.

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If you already think American technology giants dominate the equity market, we have bad news: there are more to come. SpaceX will go public this week, with OpenAI and Anthropic expected to follow later this year. Together they could raise somewhere between \$180 and \$240 billion, more than four times the entire US IPO market in the first quarter.

The largest of them, at current valuations, is SpaceX, which is now effectively three companies in one. Elon Musk first merged X (Twitter) into xAI, then folded xAI into SpaceX alongside Starlink. According to the prospectus, the offering will be the biggest IPO in history by a wide margin, even though the \$75 billion capital raise is less than five percent of the company's estimated market value of roughly \$1.75 trillion. The plan is to issue 555,555,555 shares at \$135 apiece, with Musk retaining close to 42 percent of the company afterwards. That stake alone would make him the world's first trillionaire.

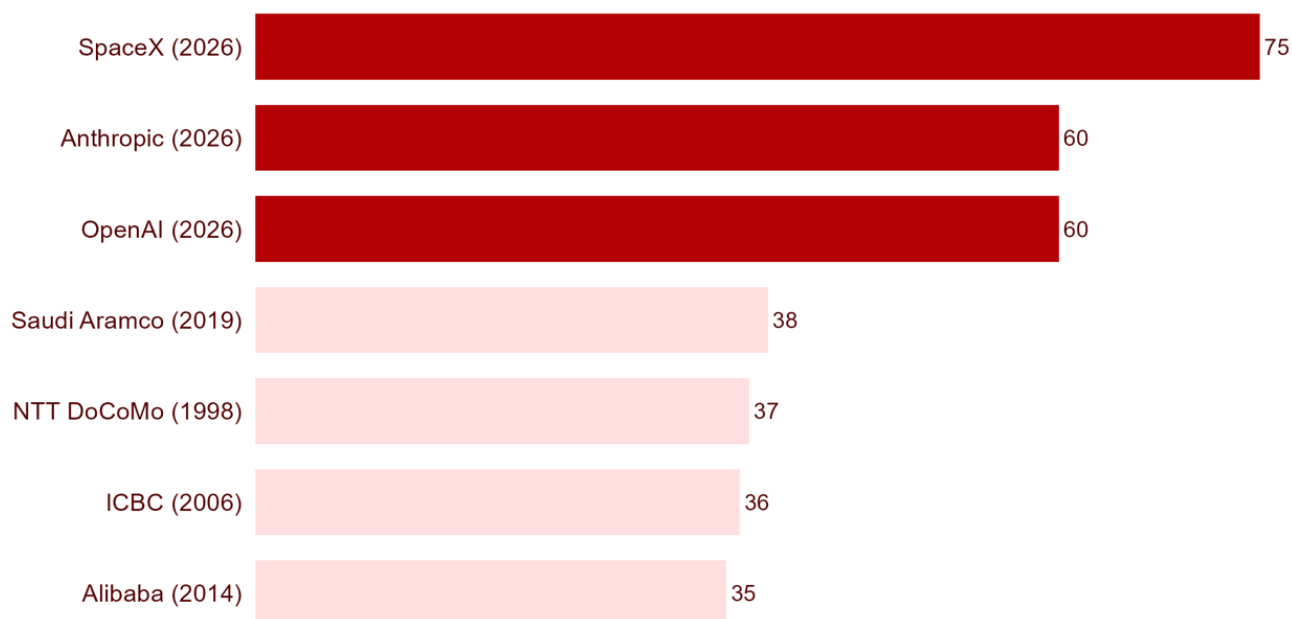


Notes: SpaceX is among the world's largest companies (market value, USD bn). Market value as of May 2026; SpaceX valuation based on expected IPO price. Sources: Bloomberg, SpaceX S-1.



Arguably, for most investors, the interesting question is not whether SpaceX is a great engineering company. It plainly is. The interesting question is structural. A very small free float, a stepped lock-up, and rapid index inclusion combine to create an unusual market microstructure in which mechanical capital flows could matter more than the fundamentals of the business itself. The valuation only sharpens the point.

An event of this size raises the question of what it means for Storebrand AM's funds. The short answer is reassuring: Storebrand AM's index funds are built on MSCI indices rather than the Nasdaq 100, so the most aggressive forced-buying dynamics around this listing largely pass us by, and where SpaceX does enter our benchmark, we intend to handle it deliberately rather than mechanically. The sections that follow explain the company, the valuation and the index mechanics, and close with how we will trade it.



Notes: Largest IPOs in history (USD bn, 2026 prices). Amounts inflation-adjusted to 2026 dollars; estimates based on reported valuations. Sources: Bloomberg, Wikipedia.

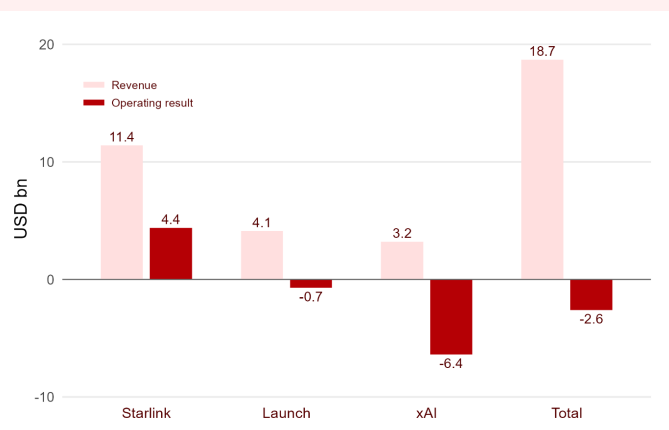
## 2. Three companies in one

SpaceX is in practice three very different businesses: satellite internet (Starlink), the launch business, and artificial intelligence (xAI).

**Starlink** is the cash engine. It generated \$11.4 billion of revenue and \$4.4 billion of operating profit in 2025. The stated ambition is one billion subscribers over the next fifteen years, up from more than twelve million today across some 164 countries.

**The launch business.** The Falcon rockets generated \$4.1 billion of revenue in 2025, with an operating loss of \$0.7 billion. Falcon 9 carries close to 90 percent of all commercial payloads to orbit, and SpaceX has displaced Boeing as the largest supplier of launches to NASA and the Pentagon. The next generation vehicle, Starship, is intended to be fully reusable but remains under development.

**xAI:** Musk merged his AI company into SpaceX in early 2026, and it is a money pit. The segment generated \$3.2 billion of revenue but lost \$6.4 billion on operations. A large share of SpaceX's total capital spending last year went into AI infrastructure.



Notes: Starlink earns while xAI burns cash. Revenue and operating result by segment in 2025 (USD bn). Totals may not add up because of rounding. Source: SpaceX S-1.

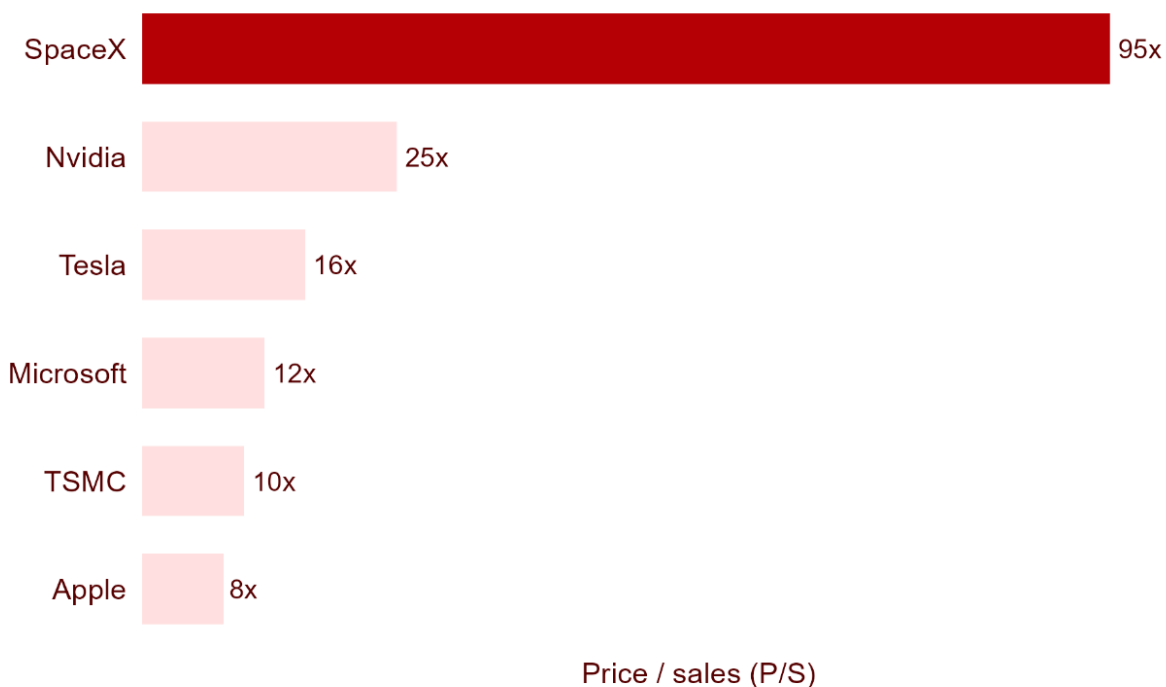
Despite Starlink's solid results, SpaceX loses money on a reported basis because enormous depreciation on satellites and AI infrastructure eats the profit. Put bluntly, xAI appears to spend everything Starlink brings in, and then some.

None of this should obscure a basic point: SpaceX is not a company without real businesses. It has genuine and durable moats. In launch it is years ahead of any competitor, with reusable rockets that have given it a cost position no one else can currently match and a near-monopoly on commercial payloads to orbit. In satellite internet, Starlink's constellation and launch cadence give it a head start that rivals would need years and enormous capital to approach, if they could at all. The AI business is more questionable, and the orbital-compute ambition is unproven. But the core of the company does things no one else can deliver today, and probably will not be able to for a good while. The debate, therefore, is not whether SpaceX is a remarkable company. It is whether even a remarkable company can justify this price.

### 3. A valuation detached from fundamentals

The S-1 document shows that what SpaceX really brings to market is infrastructure. SpaceX builds rockets, satellite internet, and now wants to build data centres in space. The company positions itself as a supplier of AI infrastructure rather than as another contestant in the race to build frontier models. In other words, it sells picks and shovels rather than digging for gold itself.

For the time being, revenue must come from Earth, yet the valuation seems to have left Earth's gravity. On reported revenue of \$18.67 billion, SpaceX is priced at roughly 95 times sales, which is extreme compared to, for example, Taiwan Semiconductor, the world's dominant chip foundry. When Google went public in 2004 it was valued at about ten times trailing revenue; Tesla went public at roughly fifteen times. If SpaceX is an infrastructure supplier, that multiple is hard to defend without a sizeable "Muskverse" premium.



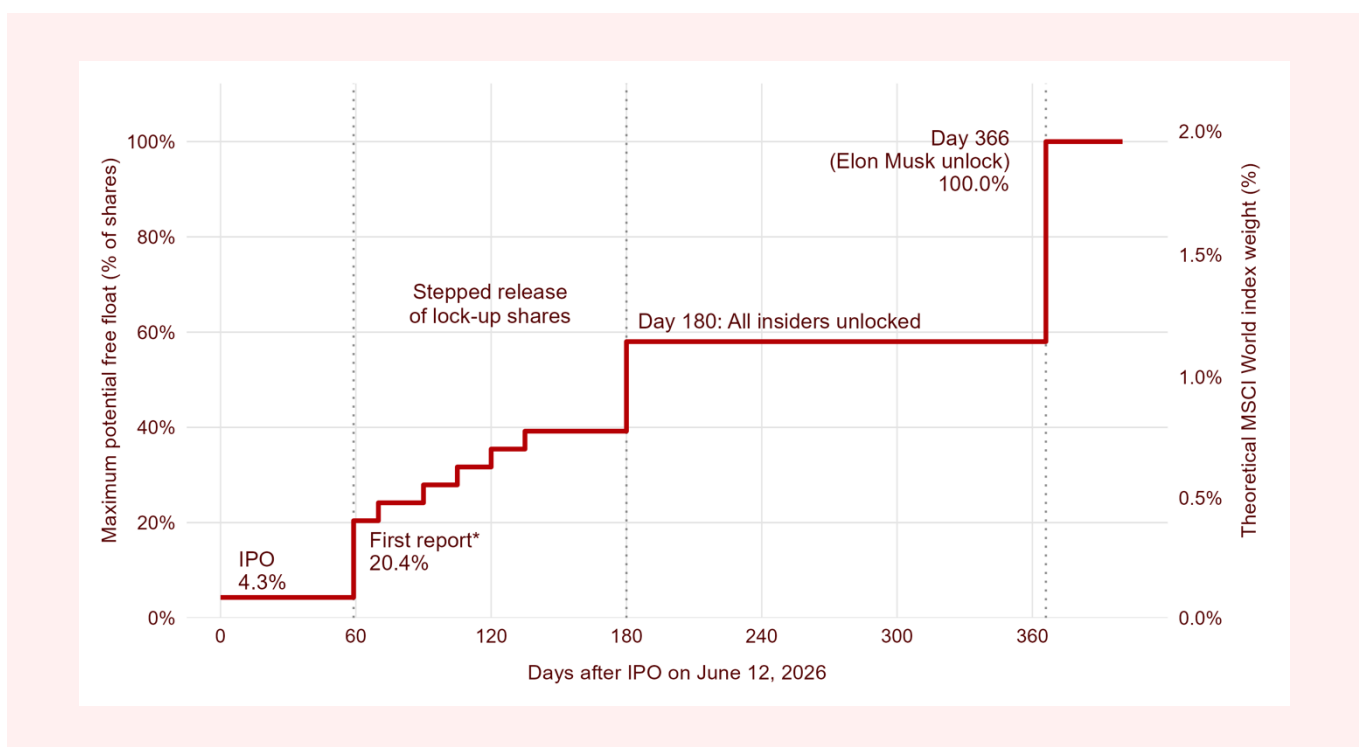
Notes: A valuation in orbit. Price-to-sales multiples compared with infrastructure peers and AI rivals. Sources: Bloomberg, SpaceX S-1.

Independent analysts are sceptical of the headline number. Morningstar has put fair value at around \$780 billion, combining roughly \$611 billion for the launch and Starship divisions with about \$180 billion for the AI division. That leaves a gap of nearly a trillion dollars to the \$1.75 trillion IPO target. The bulk of the difference rests on the orbital-compute story: the idea of placing solar-powered data centres in space. The prospectus itself concedes this is "an incredibly difficult challenge" that would require thousands of launches a year, and that no one has ever operated AI compute in orbit. At this stage it reads more like a science experiment than a finished business plan.

## 4. Free float, lock-up and index inclusion

The offering is structured as a \$75 billion capital raise, but the more important number is what becomes tradable afterwards. The free float at listing is only about 4.3 percent of the company. The rest is governed by a lock-up structure that determines when insiders may sell.

The standard arrangement at an IPO is a 180-day lock-up. SpaceX has chosen a stepped structure instead. Already after the first quarterly report, insiders may sell 20 percent of their eligible shares, with a further 10 percent unlocked if the stock trades at least 30 percent above the IPO price. Additional tranches of roughly seven percent each then release on days 70, 90, 105, 120 and 135, while Musk and certain large investors remain locked until day 366. The figure below traces the maximum potential free float along this path, translated into a theoretical MSCI World index weight on the right axis.



Notes: Potential free float after the IPO and stepped lock-up. \*Illustrative maximum path; the first report is set to day 59, and the conditional extra 10 percent assumes the price is at least 30 percent above the IPO price. The right axis shows the implied theoretical MSCI World weight at today's market values, assuming the float enters the index immediately. The end point near 2 percent is a maximum that would require Musk to sell his entire stake, which is close to impossible. Sources: SpaceX S-1, FT Alphaville, The New Yorker.

For clients the right axis is the striking part. On today's market values, the theoretical MSCI World weight starts below one tenth of one percent at listing and, along this maximum path, climbs toward roughly 2 percent within a year as the float expands. That trajectory is a ceiling rather than a forecast: it treats the float as entering the index the moment it becomes free, whereas MSCI rebalances only quarterly, and it assumes Musk eventually parts with all his shares, which he is unlikely to do.

This is where structure meets mechanics. Nasdaq recently introduced “fast entry” rules, possibly to win the SpaceX listing from rival NYSE. SpaceX can therefore enter the Nasdaq 100 after fifteen days. In addition, the Nasdaq 100 looks set to give SpaceX an index weight around three times higher than free float alone would justify. MSCI also has fast-entry rules for very large companies, such as SpaceX, but it weights constituents by free float, unlike Nasdaq.

The combination of a short, stepped lock-up and rapid index inclusion works as a transfer mechanism. Early investors are sitting on well over a trillion dollars of unrealised gains. As the lock-up unwinds in steps, the number of tradable shares rises, the free-float-adjusted index weight rises with it, and passive funds are mechanically required to buy precisely the shares that insiders are releasing. In effect, funds that replicate an index exactly must buy at the market price, whatever it happens to be, and may be providing exit liquidity to insiders.

## 5. Economic ownership versus voting control

There is one more asymmetry worth spelling out. SpaceX is listing under a dual-class structure: the Class B shares Musk holds carry ten votes each, while the Class A shares sold to the public carry one. According to the S-1/A, Musk holds around 42 percent of the equity but roughly 82.4 percent of the votes, falling to about 40.5 percent of the equity after the offering.

The ten-to-one ratio is more powerful than it first appears. If the public holds only single-vote Class A shares, Musk needs just over nine percent of the company in Class B shares to retain a voting majority. The arithmetic is simple: he has a majority of the votes if he owns roughly 9.1 percent of the company through his Class B shares. In practice this means he could sell down the great majority of his economic interest over time and still control every decision the company makes.

For the index investor the point is not abstract. The shares that passive funds are mechanically required to buy as the float grows are Class A shares with essentially no governance weight. Buyers get economic exposure to a company over which they have no say, while control stays with a founder who can, in principle, monetize most of his stake without loosening his grip. It is worth adding that the IPO itself is an all-primary offering: the proceeds go to SpaceX and no insiders sell at listing. The insider selling comes later, through the stepped lock-up described above, which is precisely when the index weight is rising.

## 6. Why now?

One theory is that Musk wants to pre-empt his rival Sam Altman and pull capital out of the market for AI listings before OpenAI and Anthropic can. The timing may also reflect something else: all three companies could be near the top of their acceleration curve. The explosive growth in AI, especially at Anthropic, may slow once corporate customers start asking harder questions about the return on their AI spending. If so, it is rational to list now, while the story of exponential growth can still be told.

There is also a simpler explanation. SpaceX, Anthropic and OpenAI all have enormous capital needs, and the orbital ambitions will require still more. Private markets have limits. A public listing offers access to recurring capital at a scale that private rounds cannot match.

## 7. What has to go right?

SpaceX is priced for a future in which almost everything works, which is demanding given the level of ambition. Starship has to fly reliably, Starlink has to grow toward a billion subscribers, and data centres in space have to prove commercially viable. SpaceX claims that the great majority of its \$28.5 trillion addressable market is AI-related, mostly through space-based infrastructure. To justify a valuation of \$1.75 trillion, the orbital data centres have to deliver. Without them, SpaceX is a strong satellite company with an expensive AI lab in tow.

The underwriting culture around the deal does little to temper the optimism. Goldman Sachs, the lead underwriter, has reportedly projected that SpaceX's AI revenues will rise more than a hundredfold over five years.

## 8. What it means for index investors

Like most Nordic index-fund managers, Storebrand AM tracks MSCI indices, not Nasdaq. When SpaceX enters the MSCI All Country or the MSCI World index at a free-float weight in late June, it will have a weight of well under ten basis points given current valuations. That is not enough to move returns materially, even though the weight will rise as insiders are allowed to sell, as illustrated above.

We also have more freedom than pure replicating funds. Because we already deviate from the benchmark through our sustainability exclusions, we are not obliged to follow every index change in full. We need not buy SpaceX on the insiders' schedule, nor at the moment other index managers are forced to buy, which is often poor timing.

If the SpaceX valuation turns out to be an immediate bubble, the bill will mostly be paid by Nasdaq 100 funds and by retail investors who believe in Musk, not by MSCI-based funds such as ours. SpaceX is therefore a case about more than spaceflight and AI. It is also a case about index mechanics and capital flows, and a reminder that in modern markets, who is forced to buy, and when, can matter greatly.



Photo: SpaceX

## 9. How Storebrand AM will trade SpaceX

It is our understanding that SpaceX will enter the MSCI indices ten business days after the IPO, that is, on 26 June 2026, two weeks after the listing on 12 June. From that date the stock becomes part of the benchmark our funds are measured against, and our funds will hold an underweight position relative to the index until we have built the position.

We will not buy the full required weight on the inclusion date. On a fast-entry inclusion of this size, with a thin free float and heavy mechanical demand from pure replicating funds, the price on the inclusion date could be temporarily inflated. Buying everything at that single point could mean transacting at the least favourable price.

Instead, we will build the position gradually, using natural client flow. As clients subscribe to the funds, we direct a portion of the new inflows toward SpaceX, lifting the weight toward the benchmark over time rather than in a single trade. This avoids two-way rebalancing, where we would otherwise have to sell other holdings to fund an immediate SpaceX purchase, and the transaction costs that come with it.

This is a form of enhanced indexing. We accept a small, controlled tracking difference for a period in exchange for better execution, deliberately avoiding the inclusion date when the price is most likely to be distorted. Because Storebrand AM already deviates from the benchmark through sustainability exclusions, we are not obliged to replicate every index change on the index provider's timetable, and we use that flexibility to trade SpaceX on terms that we believe serve our clients rather than the insiders who are being unlocked.

For clients, the takeaway is straightforward. SpaceX is a genuinely remarkable company arriving at an extraordinary price, inside a market structure possibly designed to channel mechanical demand toward insiders looking to sell. Because our funds follow MSCI rather than Nasdaq, and because we manage inclusion with judgement rather than on autopilot, we expect to give clients measured exposure to the company over time while sparing them the worst of the crowd at the door.



Photo: SpaceX



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