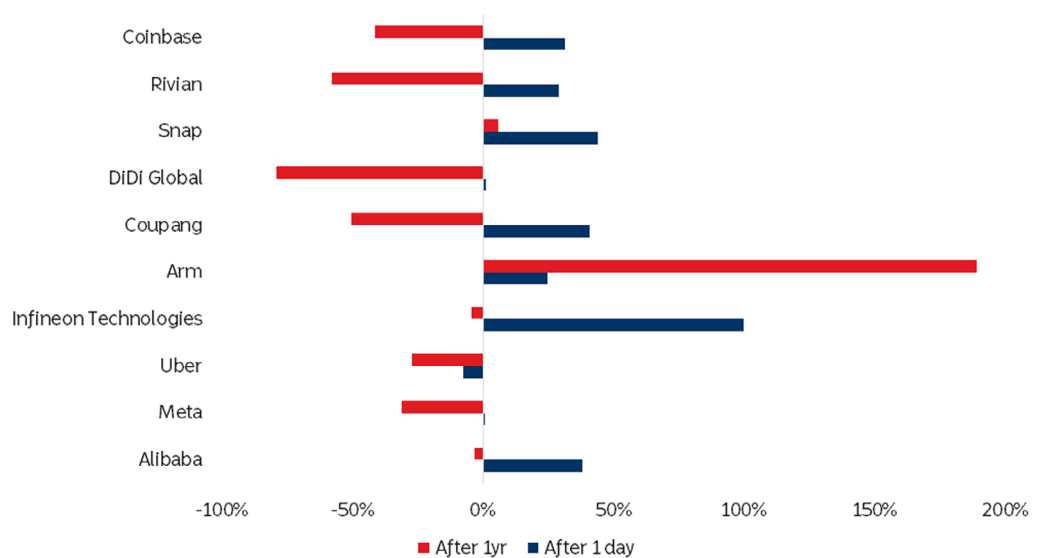


Fly me to Mars Grégoire Sharma, CFA

Share price performance, US IPOs



Source: Momentum Global Investment Management, Bloomberg Finance L.P. Data to 12 June 2026.

What do the charts show?

The chart compares the first-day share price performance of a selection of major US IPOs with their performance one year later. The pattern is familiar: many companies enjoy a strong debut, only to see those gains diminish as the market reassesses their prospects. This reflects a well-documented feature of IPO investing. The excitement surrounding a new listing often drives a surge in demand, resulting in a sharp rise in the share price on day one. However, once the initial enthusiasm fades, investors begin to focus on fundamentals such as earnings growth, profitability and execution. In many cases, valuations that looked reasonable amid IPO hype appear more difficult to justify. Academic studies have found that newly listed companies frequently underperform broader market benchmarks during their first year as public companies. While some firms go on to become outstanding long-term investments, the evidence suggests that a strong IPO debut is not a reliable indicator of medium-term performance.

The chart therefore serves as a reminder that the most important part of an IPO story often occurs after the headlines have faded. One year after listing, investors are typically assessing a business on its merits rather than its narrative.

Why this is important

The chart is particularly relevant in light of the highly anticipated SpaceX IPO. Investor demand has been extraordinary, reflecting the company's position as (arguably) one of the world's most admired private businesses and a leader in both commercial space launches and satellite communications. Yet history suggests that investors should approach even the most exciting IPOs with caution. Some of the market's most celebrated listings have delivered disappointing returns after the initial excitement subsided. High-profile companies often come to market with elevated expectations, leaving little room for operational setbacks or slower-than-expected growth. This is especially important for retail investors. The popularity of SpaceX means many individuals may be tempted to buy shares based on the company's reputation rather than a careful assessment of valuation and future returns. While SpaceX may ultimately justify its market value, the experience of previous IPOs shows that exceptional businesses do not always translate into exceptional investment outcomes.

The lesson from the chart is one of caution. Investors should not judge an IPO by its first day of trading. The more meaningful test comes months later, when enthusiasm gives way to fundamentals. For those considering an investment in SpaceX, that distinction may prove crucial.



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