SpaceX: A Revolutionary Company…

Ron Madey, CFA®, Chief Investment Officer
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…But is it a revolutionary investment for retirement portfolios?

Few companies have captured the public imagination like SpaceX. What began as an ambitious rocket company has evolved into a diversified aerospace, satellite communications, and AI infrastructure enterprise with aspirations that extend well beyond Earth's orbit. Last month, the company's initial public offering became the largest in history, instantly making it one of the world's most valuable publicly traded companies.

For investors, admiration for an extraordinary company should not be confused with enthusiasm for its stock. The question is not whether SpaceX will help shape the future of space exploration and global communications. It most certainly will. The question is whether today's valuation offers an attractive entry point, particularly for investors whose primary objective is funding retirement.

The Facts

SpaceX went public on June 12, 2026, at $135 per share, raising approximately $75 billion and valuing the company at roughly $1.8 trillion. Only a small percentage of total shares were sold in the offering.

Ownership and control are not the same thing at SpaceX, and the gap is unusually wide. Elon Musk holds roughly 42% of the company's total equity, but because his shares are concentrated in a Class B tranche carrying ten votes each — versus one vote for the public Class A shares — he controls approximately 82% of total voting power:

Public investors buying SPCX gain economic exposure to the business but essentially no influence over how it is run; SpaceX also qualifies as a "controlled company" under Nasdaq listing rules, exempting it from requirements such as a majority-independent board.

The debut generated enormous excitement. Shares opened well above the offering price and reached an intraday high above $225 within days of listing. That rally proved short-lived: by mid-July, the stock had round-tripped back near its $135 IPO price, briefly dipping below it before stabilizing in the $140s — a $90 (67%) swing up followed by $90 (40%) swing down in just one month, a useful reminder of how volatile even the most anticipated public offerings can be.

Separating Today's Business from Tomorrow's Vision

Few public companies illustrate the gap between current earnings power and future optionality as starkly as SpaceX.

Today's business is substantial. Revenue comes from commercial launches, government and national security contracts, NASA missions, and Starlink — now the company's largest and only consistently profitable segment. Together, these activities generated approximately $19 billion in 2025 revenue, alongside a net loss of nearly $5 billion, driven largely by AI-related investment.

Yet much of SpaceX's valuation reflects expectations for businesses that remain in their infancy or don't yet exist: Starship-enabled logistics, orbital data centers, AI infrastructure, point-to-point transportation, and eventually lunar and Mars settlement. Investors buying the stock today are purchasing not just an operating business but a portfolio of long-duration options on technologies whose commercial viability remains unproven.

The Bull Case and the Bear Case

The bullish case is compelling. SpaceX has revolutionized launch economics through reusable rockets, dominates commercial launch activity, enjoys deep government relationships, and has built Starlink into a fast-growing, profitable communications platform. If Starship succeeds and new industries emerge around space infrastructure, today's valuation could ultimately look reasonable in hindsight.

The bearish case is just as straightforward. At roughly $1.8 trillion, investors are already paying for an extraordinary future. For examples:

- Morningstar initiated coverage with a fair value estimate of approximately $63 per share ahead of the IPO — since trimmed slightly to $62 — arguing that the offering price assumed a very high probability that SpaceX would execute its most ambitious technological bets.
- Veteran short-seller Jim Chanos has warned that the company's nearly $2 trillion valuation was driven by hopes and dreams rather than realistic business fundamentals. The IPO went through at more than 90 times revenues, an extremely high valuation.

Several critical engineering and commercial challenges remain unresolved, and they are scientific uncertainties, not simply execution risk:

- Fully reusable, rapid-turnaround Starship operations
- Reliable orbital refueling
- Commercial economics of orbital manufacturing and data centers
- Sustainable human habitation beyond Earth
- A profitable economic ecosystem supporting lunar or Martian infrastructure

Investors are implicitly assigning value today to technologies that may take decades to mature — or may never become commercially viable.

The Revenue Model

Unlike many emerging technology companies, SpaceX already has multiple revenue streams in production, not just in prospect. Current revenue comes from commercial launch services, government and defense contracts, NASA missions, and Starlink broadband subscriptions. Future revenue — still unproven — could include lunar cargo and logistics, space-based cloud computing, autonomous transportation, planetary infrastructure, and new markets enabled by Starship.

The breadth of these opportunities explains investor enthusiasm, but a large addressable market is not the same as a profitable business. Transformational technologies do not automatically produce transformational shareholder returns once expectations become excessive.

The Psychology of Investing in SpaceX

Behavioral finance may matter here as much as discounted cash-flow analysis. Few companies have generated comparable public excitement, and SpaceX quickly became a fixture of financial media coverage and everyday conversation after its debut.

That enthusiasm creates a familiar trap: assuming an exceptional business must also be an exceptional investment. History shows outstanding companies can deliver disappointing long-term returns when purchased at excessive valuations, and the fear of missing "the next great company" often leads investors to focus on narrative rather than probability.

Index Inclusion: Policy and Weight

SpaceX's treatment by the major benchmark providers is itself a lesson in how differently "passive" investing can behave.

S&P Dow Jones Indices considered relaxing its rules for megacap IPOs. They chose not to, keeping intact its long-standing requirement that a company post GAAP profitability in its most recent quarter and cumulatively over the trailing four quarters, plus a 12-month seasoning period. SpaceX's $4.9 billion net loss in 2025 — and continued losses in 2026 — leave it well short of that bar. ***Earliest eligibility is now projected around mid-2027, contingent on the company turning profitable. The stock currently carries zero weight in the S&P 500 and none of the trillions of dollars in assets that track it.***

FTSE Russell took the opposite approach. ***A new fast-entry rule*** lets sufficiently large IPOs enter the Russell 1000 and Russell 3000 after just five trading days, waiving the float and voting-percentage minimums that previously applied. SpaceX was added to both indexes effective the close of June 26, 2026. Because ***index weight is based on publicly floated shares rather than total valuation — and only a small fraction of SpaceX's shares are currently in public hands — its weight in Russell 1000-tracking funds is modest: approximately 0.13%.***

The Wilshire 5000, built to capture essentially the entire investable U.S. equity market, applies no profitability screen; a company need only meet basic listing and liquidity standards. SpaceX qualified for inclusion on that basis within days of listing, and — consistent with its treatment in other broad, float-adjusted, total-market benchmarks — ***SpaceX represents a similarly small fraction of the index, on the order of 0.1%–0.2%.***

The Nasdaq-100 moved fastest of all. Nasdaq ***rewrote its rules*** to allow a company ranked in the index's top 40 by total market cap to enter after just 15 trading days, waiving the float requirement entirely. ***SpaceX joined on July 7, 2026, at a weight of under 1%*** — a sub-1% figure that nonetheless translated into an estimated $4 billion or more in mechanical buying from funds like the Invesco QQQ Trust, simply because of the sheer scale of assets tracking the index.

The practical takeaway for a retirement investor: exposure to SpaceX today depends entirely on which benchmark a given fund tracks, and that ***exposure will rise mechanically over time as lockups expire and float increases — independent of anything the underlying business does.***

Should SpaceX Be Included in a Retirement Portfolio?

For retirement investors, the relevant question isn't whether SpaceX is a remarkable company — it clearly is. It's whether adding SpaceX improves the probability of achieving long-term financial objectives.

For most retirement-income portfolios, several considerations argue for moderation:

- The stock is likely to remain significantly volatile.
- Valuation already reflects exceptionally optimistic assumptions.
- The company faces meaningful technological and execution risks.
- Many investors already have indirect exposure through diversified growth-oriented equity funds.

- Index providers (S&P, Russell, Wilshire, Nasdaq) have taken differing approaches that have led to index weights between zero and almost 1%.

None of this argues against owning SpaceX. It argues against letting excitement override prudent portfolio construction. For investors who believe strongly in the company's long-term prospects, a modest allocation — perhaps 1% to 3% of an equity portfolio — may provide meaningful participation while limiting the damage if expectations prove too optimistic. Larger positions can introduce concentration risk that can be difficult to square with retirement-income objectives.

Conclusion

SpaceX may ultimately become one of the defining companies of the twenty-first century, and its achievements in aerospace, satellite communications, and engineering are already historic. Whether today's shareholders will enjoy extraordinary investment returns is a separate question entirely.

Successful investing requires distinguishing between a great company and a great investment. At today's valuation, investors are buying not only an outstanding operating business but also decades of anticipated innovation that has yet to occur. For retirement-oriented investors, disciplined portfolio construction should matter more than the excitement surrounding any single company.

The most important question isn't whether SpaceX will change the world. It almost certainly will. The more important question is whether today's stock price already assumes that it does.

Sources: SpaceX S-1 and amended SEC filings (2026); CNBC; Morningstar equity research (initiated coverage June 2026, fair value $63/share, later revised to $62); S&P Dow Jones Indices and FTSE Russell index-methodology announcements (June 2026); Vanguard and Motley Fool index-weight estimates. Market prices and index weights as of July 13, 2026, and subject to change. ChatGPT and Claude.

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Two James Center, 1021 East Cary Street, Suite 702| Richmond, VA 23219 | 804.644.4711
WEALTHCAREGDX.COM
Contact us at investmentcounsulting@wealthcarecapital.com