

Why our Hedge Fund won't invest in SpaceX on IPO day - but here's the exact price we would

By winkler · June 12, 2026

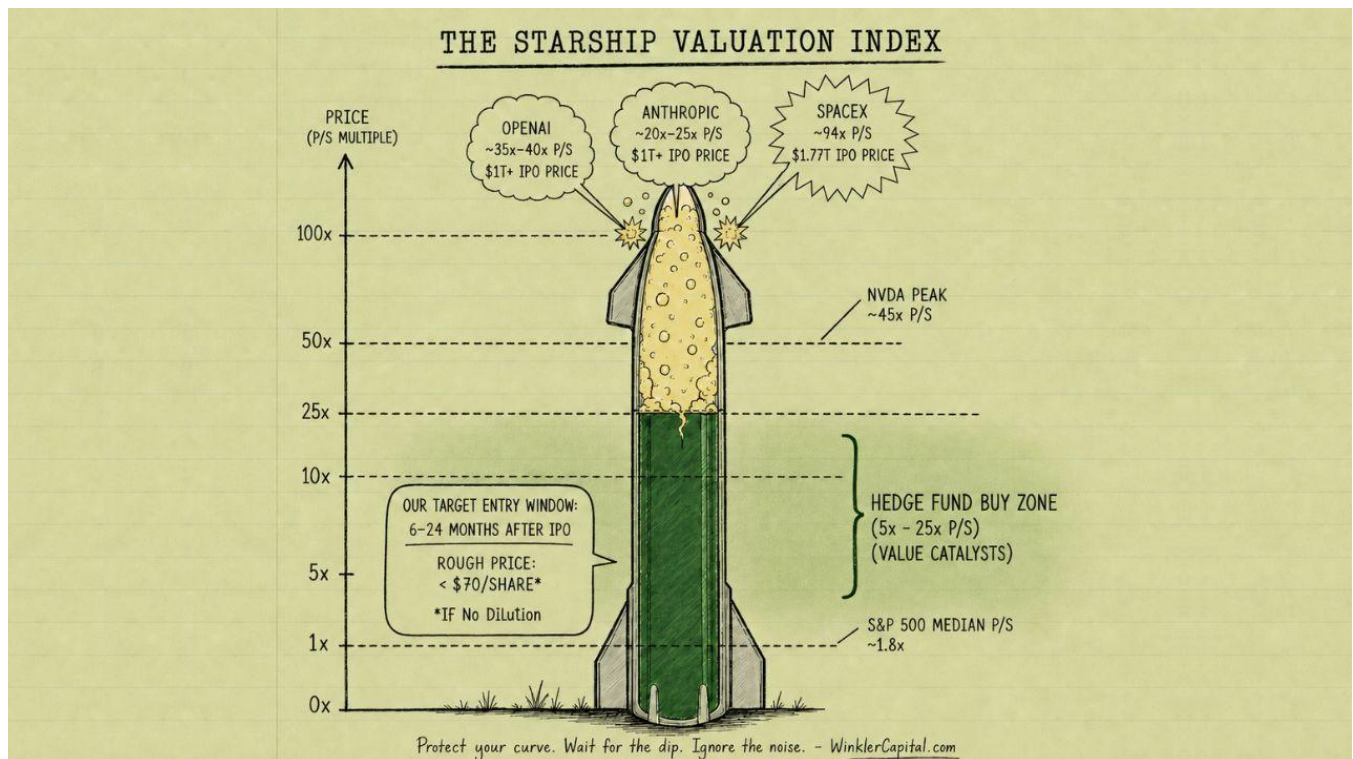
TL;DR

SpaceX's IPO today is set at \$135/share, raising \$75B at a \$1.75 trillion valuation, but our hedge fund is refraining from investing. We believe the current price is inflated due to unrealistic financial projections and market dynamics, and we have identified a target entry price significantly lower than the IPO price.

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The Valuation Spectrum



SpaceX [SPCX\\$162.00+2.83%](#) will officially go public today at a fixed price of **\$135/share**, raising an unprecedented \$75B at a staggering **\$1.75 Trillion valuation**.

It is the largest, most highly anticipated IPO in financial history. But as a fund focused on [Catalyst-Driven Value](#), we are sitting on our hands today. Here is the cold, hard math on why we are waiting, and our exact target entry price.

1. The Real S-1 Financials: Entering a Different Atmosphere

The retail hype machine is selling a flawless sci-fi narrative of Starlink dominance and space-bound AI data centers. The actual SEC filing reveals a far more complex, terrestrial reality:

1. **The Revenue:** 2025 revenue clocked in at **\$18.7B**. (Note: This metric looks massive because it utilizes common-control accounting to retroactively merge SpaceX with xAI and X Corp).
2. **The Multiple:** At a \$1.75T market cap, SpaceX is debuting at an astronomical **94x Price-to-Sales (P/S) ratio**.

3. **The Massive Net Loss:** This isn't a highly profitable enterprise software engine yet. SpaceX posted a staggering **\$4.94B GAAP net loss in 2025**, and a bruising **\$4.28B net loss in Q1 2026 alone**. (Note: Because this includes the retroactive consolidation of xAI's heavy data-center CapEx and X Corp's debt servicing, it remains highly unclear whether standalone Starlink has achieved true cash-flow sovereignty, or if it is actively subsidizing the rest of the ecosystem)

2. The Tech & AI Comps (The Multiple Disconnect)

To understand just how detached a **94x P/S** multiple is from reality, look at how the market is currently pricing actual, hyper-growth infrastructure and generative AI monopolies:

1. **The AI Software Kings: OpenAI** is currently tracking an annualized revenue run rate of **~\$25B** (on its latest \$850B valuation round). Meanwhile, **Anthropic** has experienced a monstrous enterprise explosion, pushing its run rate past **\$30B**. This means the premier GenAI software companies on Earth are being priced between **22x and 34x forward sales**.
2. **The Semiconductor Monopoly: Nvidia (NVDA)**, which holds a literal chokehold on the hardware printing the AI revolution, trades at a peak trailing P/S around **35x**.
3. **The Broader Market:** The average P/S of the five largest U.S. Tech Giants sits at **12.2x**, while the broader **S&P 500 index average sits at 3.0x**.

SpaceX is trading at nearly triple the premium of Nvidia, OpenAI, and Anthropic, despite operating a capital-intensive hardware and satellite network with fundamentally lower margins.

3. The Built-In "Retail Trap"

SpaceX broke traditional IPO convention by completely bypassing a standard pricing range and forcing a fixed \$135 target. To get this over the finish line, Elon Musk allocated an unprecedented **30% of the float directly to retail investors** (typical mega-IPOs allow only 5% to 10%).

Here is where the structural game theory gets dangerous:

1. **The 4x Oversubscription Wave:** Institutional and retail demand for this offering has been overwhelming, **with total orders topping \$250 Billion—making the IPO nearly 4x oversubscribed** ([Investing.com](#)). Retail investors alone submitted over **\$70 Billion** in indicated intent. Because of this massive oversubscription, brokerages (Fidelity, Robinhood, Schwab) will heavily "scale back" allocations. If an everyday investor requested 100 shares, they may only get 10 or 20.
2. **The 15-Day Pump:** Retail buyers are locked out from "flipping" their shares for the first 15 days by strict brokerage rules. Coincidentally, NASDAQ altered its inclusion rules to fast-track SpaceX into its major indices on exactly day 15.
3. **The Forced Buy:** Locked-up retail supply + mandatory passive index buying on day 15 means an artificial, short-term price "pop" is highly likely this month.
4. **The Winner's Curse:** Don't let day-one green candles fool you. A comprehensive financial study analyzing retail-heavy IPO access found that these heavily hyped, retail-allocated offerings **declined by an average of 60% after one year** ([SSRN Study](#)), underperforming institutional IPOs by 20 percentage points as retail attention inevitably faded.

4. The 12-Month Share Flood

Right now, the public float is incredibly tight at just **4.3%** of the company. Today's price discovery is entirely an illusion. However, SpaceX's aggressive phased lockup expiration schedule means that by this time next year, **53% of the company will be unlocked**. The liquid, tradable public float will expand by more than **1,100%** (a **13x supply shock**) running directly into a total lack of structural support from the biggest pool of passive capital on earth: the S&P 500. S&P Global refused to alter its rules to fast-track mega-IPOs, meaning the **\$7.5 Trillion** in passive funds tracking the S&P 500 are legally barred from buying SpaceX until mid-2027 at the absolute earliest, contingent on the company reaching true GAAP profitability.

Our Playbook & Target Buy Price

We are treating the next 30 days as a highly manufactured, momentum-driven bubble. We expect the stock to heavily bleed out as the massive 13x insider supply unlocks throughout late 2026 and early 2027.

The Valuation Spectrum

1. **Our Momentum Target (Zone 1): \$35 to \$70 / share (25x-45x P/S).** This prices SpaceX right alongside peak Nvidia and premium GenAI run-rates—acceptable if Starlink maintains its 39% operating margins.
2. **The Fundamental Floor (Zone 2): \$7.15 to \$14.30 / share (5x-10x P/S).** If the space data center narrative cracks and the market forces SpaceX to trade like a mature, highly profitable tech giant (Apple/Microsoft), this is the unvarnished mathematical reality of where the stock belongs based on its \$18.7B revenue base.
3. **The New Metrics (Zone 1 midpoint):** At \$65/share, the valuation drops to a more rational **~\$840 Billion**. This cuts the P/S ratio down to roughly **45x**—still a massive premium matching Nvidia's absolute peaks, but finally reflective of Starlink's underlying business without the wild, speculative overvaluation of the AI segment.

Expected Timeframe: 6 to 24 Months (Q1 2027-Q2 2028). We aren't just timing market sentiment; we are timing structural market plumbing. We will keep our powder dry until three specific catalysts converge:

1. The **13x public float expansion** is fully digested by the market.
2. The extreme cost-depreciation of generative AI tokens settles, proving whether space data centers are a high-margin miracle or a commoditized utility.
3. The company approaches the structural horizon of true GAAP profitability required for S&P 500 inclusion.

The Bottom Line: Elon Musk has historically maintained that he never wanted to take SpaceX public. However, the sheer volume of capital he can extract from the current retail frenzy makes the opportunity cost of staying private too high to ignore. Don't buy a lottery ticket at the absolute apex of a manufactured structural squeeze. Wait for the market plumbing to clear and the curve to flatten.

FAQ

Why won't your hedge fund invest in SpaceX on IPO day?

We believe the current valuation is excessively high, with a 94x Price-to-Sales ratio that doesn't align with the company's financial realities.

What is the expected price range for SpaceX shares?

Our target buy price ranges from \$35 to \$70 per share based on momentum, and \$7.15 to \$14.30 based on fundamental analysis.

What are the main concerns regarding SpaceX's financials?

SpaceX reported a significant net loss of \$4.94 billion in 2025 and \$4.28 billion in Q1 2026, raising questions about its profitability and cash flow.

How does SpaceX's valuation compare to other tech companies?

SpaceX's 94x P/S ratio is nearly triple that of leading AI companies like OpenAI and Nvidia, which trade at much lower multiples despite their growth.

What is the expected timeframe for your investment strategy?

We anticipate a more favorable entry point within 6 to 24 months, as we expect the stock to decline significantly after the initial hype.