Inside the**market**

iShares by BlackRock

Six things to know about IPOs

June 2026

Key takeaways

- An uptick in expected mega IPOs reflects demand for the capital needed to fund the AI buildout. The history of long-term IPO performance has been mixed, but large moves in either direction are common features of early trading.
- IPOs are not automatically added to indices. Each index provider has established rules around the inclusion, timing and weight of newly-listed shares. Even mega IPOs will likely represent only a small weight in many indices, as these are set based on freely-traded shares rather than total market cap.
- Index and active ETFs provide investors choice in how to manage access to newly-listed companies.

Why are so many mega IPOs expected this cycle and how do they compare to the past?

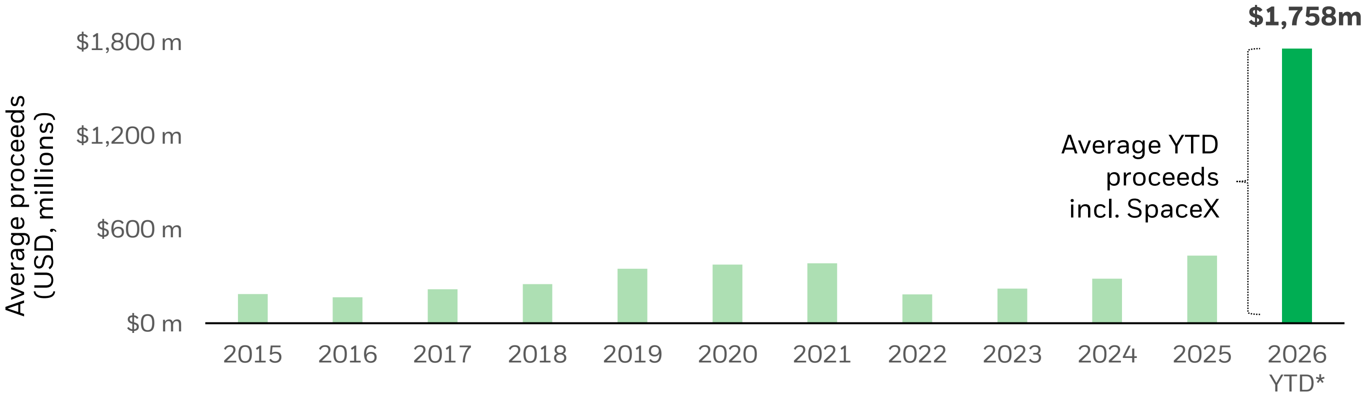
After several muted years, IPO activity is expected to rebound in 2026 – likely making it the largest IPO year on record. This burst of activity is driven by a pipeline of large, high-profile companies related to AI and its buildout, such as SpaceX and Anthropic.

Tech and AI-related companies dominate today's IPO landscape, accounting for about 25-35% of global IPO proceeds and an even larger share of the biggest listings.[1] As Figure 1 shows, the average IPO valuation in 2026 is 3x the size of last year's average and nearly 8x the 2022 average.

The existing group of 'Magnificent 7' mega-cap stocks went public through offerings ranging from sub-$500m in the 1980s and 1990s to multi-billion-dollar listings by the 2010s.[2] Today, the largest private companies are reaching even greater scale before entering public markets, with the top valuation this year projected to exceed $1T.[3]

Access to pools of private capital from venture capital, private equity and sovereign wealth funds has meant that many companies are now remaining private for longer (see figure 2), often entering public markets at a more advanced stage. The extended timeline also gives companies more time to strengthen financial reporting, governance and operational infrastructure before entering public markets – all of which can translate to larger deal sizes.

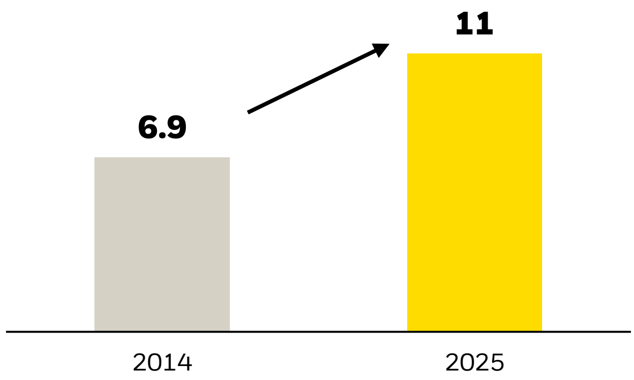
Figure 1: Average IPO deal size has picked up in 2026



Source: SEC, IPOs: Number and Proceeds (average IPO proceeds by calendar year, 2015–2025); Bloomberg, YTD IPO proceeds data, including SpaceX. Average proceeds calculated as total IPO proceeds divided by number of IPOs. Data as of 9 June 2026.

1 Source: Bloomberg, as of 31 May 2026. Based on IPOs announced year-to-date in 2026. **2** Source: Bloomberg, based on valuations of Apple, Nvidia, Microsoft, Amazon, Meta, Alphabet and Tesla at the time of their IPOs. **3** Source: Bloomberg, as of 31 May 2026. Based on SpaceX IPO valuations.

Figure 2: Companies are staying private for longer
Median company age (years) at IPO, 2014 vs. 2025



Source: Morningstar, as of January 2026.

How have IPOs performed in the past?

History is mixed: while many IPOs have experienced strong trading activity in their early days, short-term price movements haven't always been indicative of long-term value creation.

In part, that's because newly-public stocks are often influenced by evolving supply and demand dynamics, with variable timing around index inclusion, lock-up expirations and more. Each of these factors can differ from one IPO to another, but together they contribute to a complex price discovery process and a wide range of potential outcomes. What's clear is that newly-listed shares have historically exhibited greater volatility than more established public companies, particularly during the early stages of trading, though the trend toward larger and more mature companies coming to market could alter that dynamic.

How do IPOs get added to an index?

IPOs aren't automatically included in an index. Instead, each index provider will apply their own eligibility rules and reviews before adding newly public companies to indices that can underpin thousands of investment funds. These rules are designed to ensure companies meet standards around liquidity, trading history and investability before entering major benchmarks.

In addition to having a 'seasoning' period, which refers to the minimum amount of time a company must trade publicly before becoming eligible for inclusion, criteria can also include:

- financial viability or profitability screens
- trading volume requirements
- market capitalisation screens
- post-IPO lock-up considerations

Indices follow pre-determined rebalance schedules, but many have existing exceptions around when to add newly listed companies, particularly those that come to market as large or mega cap stocks.

Given the potential impact of mega-cap IPOs on public markets this year, some index providers are actively evolving their inclusion frameworks, introducing or expanding 'fast entry' mechanisms, which could allow some large, highly-liquid companies to enter indices more quickly post-listing. Variants of these rules already exist, but index providers are reevaluating them in response to larger, more systemically significant IPOs, balancing timely market representation with liquidity and investability.

Proposed approach to index inclusion by provider

	S&P 500	Russell 1000	Nasdaq 100	MSCI USA
Seasoning period**	12 months	3 months	15 trading days	10 trading days
Weighting scheme	Free-Float Market Cap	Free-Float Market Cap	FF<20% = 3x FF% FF>20% = Full Listed Mkt Cap	Free-Float Market Cap
Fast track eligible	No	No	Yes	Yes
Profitability screen	Yes	Yes	No	No

Source: Index providers S&P Dow Jones Indices, MSCI, FTSE Russell, Nasdaq, as of 5 June 2026.

**Seasoning period reflects fast-entry timeline for those that are eligible.

Will mega IPOs mean mega weights in common benchmarks?

Most indices are constructed using free-float-adjusted market capitalisation. This means only shares available for public trading are counted when determining index weight, while insider and restricted holdings are excluded. In practice, this often results in only modest initial index weights for newly listed companies relative to their outsized market valuations.

For example, a hypothetical company with a $2T valuation and $50B free float at IPO would result in just a 0.08% weighting in the Russell 1000 Index, based on current index composition.[4]

How will IPOs impact iShares ETFs?

IPO exposure will vary across iShares ETFs based on the management style of the fund, the index provider for the underlying benchmark and the fund's specific investment focus on sector, style or factor. Index-tracking ETFs will follow pre-defined rules and methodologies established by the index provider, while actively-managed ETFs may add or avoid select IPO exposure at the fund manager's discretion. In some instances, active ETFs may have the ability to invest in private companies before their shares are available in public markets.

We believe it's crucial for investors to understand what they own. iShares ETFs are highly transparent investment vehicles that provide daily holdings disclosures, enabling investors to closely monitor portfolio exposures and track how new companies are represented within their investments.

Most importantly, we believe in investor choice. The breadth of the iShares platform provides investors with the ability to seek rapid access to emerging opportunities or opt for a more measured approach while newly public companies establish a track record in public markets.

Managing portfolio exposure to mega IPOs

Certain active ETFs and mutual funds may provide investors with access to pre-IPO shares of companies in the private stage. We look to targeted, actively-managed AI strategies that can provide access to the potential growth of the AI and technology revolution, including private allocations to names like Anthropic and Open AI.

While index inclusion of newly public companies is typically gradual, reflecting seasoning requirements and free-float methodologies, sector-, industry- and theme-focused precision ETFs could potentially offer investors a larger share of certain mega IPOs compared to broader market index approaches.

Investors who want to limit portfolio exposure to upcoming mega IPOs can consider a range of iShares index ETFs that provide differentiated exposure across the market-cap spectrum. Small-cap, value and capped strategies may help reduce concentration in mega-cap exposures, allowing investors to choose an approach that aligns with their portfolio objectives and desired level of exposure to newly-public companies.

4 Source: Based on FTSE Russell's current index methodology, as of 5 June 2026.

For investors in Italy:

This document is marketing material: Before investing please read the Prospectus and the PRIIPs KID available on www.ishares.com/it, which contain a summary of investors' rights.

Risk warnings

Capital at risk. The value of investments and the income from them can fall as well as rise and are not guaranteed. Investors may not get back the amount originally invested.

Changes in the rates of exchange between currencies may cause the value of investments to diminish or increase. Fluctuation may be particularly marked in the case of a higher volatility fund and the value of an investment may fall suddenly and substantially. Levels and basis of taxation may change from time to time and depend on personal individual circumstances.

General Disclosure: This material is intended for information purposes only, and does not constitute investment advice, a recommendation or an offer or solicitation to purchase or sell any securities to any person in any jurisdiction in which an offer, solicitation, purchase or sale would be unlawful under the securities laws of such jurisdiction. References to specific company names, asset classes and financial markets are for illustrative purposes only and should not be construed as investment advice or investment recommendations. This material may contain estimates and forward-looking statements, which may include forecasts and do not represent a guarantee of future performance. This information is not intended to be complete or exhaustive. No representations or warranties, either express or implied, are made regarding the accuracy or completeness of the information contained herein. The opinions expressed are as of January 2026 and are subject to change without notice. Reliance upon information in this material is at the sole discretion of the reader. Investing involves risks.

Regulatory Information

In EMEA, this material is for distribution to Professional Clients (as defined by the Financial Conduct Authority or MiFID Rules) only and should not be relied upon by any other persons.

This document is marketing material.

In the UK and Non-European Economic Area (EEA) countries: this is Issued by BlackRock Investment Management (UK) Limited, authorised and regulated by the Financial Conduct Authority. Registered office: 12 Throgmorton Avenue, London, EC2N 2DL. Tel: + 44 (0)20 7743 3000. Registered in England and Wales No. 02020394. For your protection telephone calls are usually recorded. Please refer to the Financial Conduct Authority website for a list of authorised activities conducted by BlackRock.

In the European Economic Area (EEA): this is Issued by BlackRock (Netherlands) B.V. is authorised and regulated by the Netherlands Authority for the Financial Markets. Registered office Amstelplein 1, 1096 HA, Amsterdam, Tel: 31-20-549-5200. Trade Register No. 17068311 For your protection telephone calls are usually recorded.

For qualified investors in Switzerland: This document shall be exclusively made available to, and directed at, qualified investors as defined in Article 10 (3) of the CISA of 23 June 2006, as amended, at the exclusion of qualified investors with an opting-out pursuant to Art. 5 (1) of the Swiss Federal Act on Financial Services ("FinSA"). For information on art. 8 / 9 Financial Services Act (FinSA) and on your client segmentation under art. 4 FinSA, please see the following website: wwwb .blackrock.com/finsa.

For investors in Italy: This document is marketing material: Before investing please read the Prospectus and the PRIIPS available on www.blackrock.com/it , which contain a summary of investors' rights. For information on investor rights and how to raise complaints please go to https://www.blackrock.com/corporate/compliance/investor-right available in Italian.

For investors in Israel: BlackRock Investment Management (UK) Limited is not licensed under Israel's Regulation of Investment Advice, Investment Marketing and Portfolio Management Law, 5755-1995 (the "Advice Law"), nor does it carry insurance thereunder.

In South Africa, please be advised that BlackRock Investment Management (UK) Limited is an authorized financial services provider with the South African Financial Services Board, FSP No. 43288.

In Taiwan, Independently operated by BlackRock Investment Management (Taiwan) Limited. Address: 28F., No. 100, Songren Rd., Xinyi Dist., Taipei City 110, Taiwan. Tel: (02)23261600.

In Australia and New Zealand, issued by BlackRock Investment Management (Australia) Limited ABN 13 006 165 975, AFSL 230 523 (BIMAL) for the exclusive use of the recipient, who warrants by receipt of this material that they are a wholesale client as defined under the Australian Corporations Act 2001 (Cth) and the New Zealand Financial Advisers Act 2008 respectively.

BIMAL is not licensed by a New Zealand regulator to provide 'Financial Advice Service' 'Investment manager under an FMC offer' or 'Keeping, investing, administering, or managing money, securities, or investment portfolios on behalf of other persons'. BIMAL's registration on the New Zealand register of financial service providers does not mean that BIMAL is subject to active regulation or oversight by a New Zealand regulator.

In China, This material may not be distributed to individuals resident in the People's Republic of China ("PRC", for such purposes, not applicable to Hong Kong, Macau and Taiwan) or entities registered in the PRC unless such parties have received all the required PRC government approvals to participate in any investment or receive any investment advisory or investment management services.

In Japan, this is issued by BlackRock Japan. Co., Ltd. (Financial Instruments Business Operator: The Kanto Regional Financial Bureau. License No375, Association Memberships: Japan Investment Advisers Association, The Investment Trusts Association, Japan, Japan Securities Dealers Association, Type II Financial Instruments Firms Association) for Institutional Investors only. All strategies or products BLK Japan offer through the discretionary investment contracts or through investment trust funds do not guarantee the principal amount invested. The risks and costs of each strategy or product we offer cannot be indicated here because the financial instruments in which they are invested vary each strategy or product.

For Other Countries in APAC: This material is issued for Institutional Investors only (or professional/sophisticated/qualified investors as such term may apply in local jurisdictions).

THIS MATERIAL IS NOT TO BE REPRODUCED OR DISTRIBUTED TO PERSONS OTHER THAN THE RECIPIENT.

Want to know more?

iShares.com

GPSEMEAInvestmentStrategy@blackrock.com

iShares by BlackRock