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WEALTH MANAGEMENT

SpaceX: Astronomical IPO

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SpaceX: An Astronomical IPO and How We Think About It

The planned public listing of Space Exploration Technologies Corp. (“SpaceX”) has captured global attention. At a proposed valuation of nearly \$2 trillion, it would be one of the most significant IPOs in history.

It is exactly the kind of moment that invites a simple question from clients:

“Should we invest?”

Our answer is less about *yes or no* and more about *how we think*.

More Than a Rocket Company

Beyond the headlines, SpaceX has built a collection of businesses that could influence the future of aerospace, communications, and technology for decades to come. The company has helped redefine the economics of space launch, built a rapidly scaling global communications platform through Starlink, and is investing heavily at the frontier of artificial intelligence.

Starlink alone is already a meaningful and growing business; it operates in over 160 countries, serves over 10M subscribers, and, in 2025, generated over \$11B in revenue and earned over \$4B in operating income.

The future plans of the company, laid out in the mission section of the S-1 Filing, demonstrate ambition that is truly out of this world.

“Our mission is to build the systems and technologies necessary to make life multiplanetary, to understand the true nature of the universe, and to extend the light of consciousness to the stars. To do this, we have formed the most ambitious, vertically integrated innovation engine on (and off) Earth with unmatched capabilities to rapidly manufacture and launch space-based communications that connect the world, to harness the Sun to power a truth-seeking artificial intelligence that advances scientific discovery, and ultimately to build a base on the Moon and cities on other planets.”

Why This Matters

This is one of the most ambitious and consequential companies being brought to public markets. The mission potential is admirable, which is why we spend our time studying these exact technological shifts, because they matter for long-term portfolios.

Investing Is Not About Admiration

It is easy to admire a company. It is much harder, and more important, to decide whether it belongs in a portfolio.

At our firm, we do not invest based on narratives alone. We anchor our decisions around a few core principles:

- **Asymmetry:** Is the potential upside meaningfully greater than the downside?
- **Margin of Safety:** Are we protected if things do not go as planned?
- **Alignment:** Are shareholder rights clear and fair?

- **Liquidity & Flexibility:** Can we adjust as facts change?

These principles do not change, even in the face of extraordinary innovation.

When We Apply That Lens Here

SpaceX presents a cloudy picture. The conglomerate has characteristics that are both compelling and challenging.

The Strengths

- A dominant position in space launch and satellite infrastructure
- A rapidly growing, profitable connectivity business (Starlink)
- Exposure to large and expanding addressable markets across space and AI

The Challenges

- A proposed ~\$2 trillion valuation, representing a significant premium relative to current financial scale (e.g. the proposed valuation implies a price to sales ratio nearing 100x)
- Meaningful ongoing losses of nearly \$5 billion in 2025 despite strong revenue growth
- High capital intensity, with over \$20 billion in annual investment required
- A governance structure where control is highly concentrated with the CEO/Chairman/CTO/Founder, limiting shareholder influence

And That Balance Matters

There are excellent arguments on both sides. In investing, we are not looking for situations where the pros and cons are evenly matched. We are looking for situations where the probabilities, and the outcomes, are skewed clearly in our favor.

When upside and downside feel similarly weighted, the opportunity may be exciting...
...but it is not necessarily *asymmetric*. That distinction is critical.

The Role of Discipline

Moments like this can feel unique, because they are. A company like SpaceX may very well go on to reshape industries, create significant long-term value, and prove skeptics wrong. We fully acknowledge that possibility.

But our responsibility is not to predict headlines five years from now.

It is to construct portfolios today that are resilient across many possible futures.

That requires discipline:

- Not chasing momentum simply because something is widely discussed
- Not relying on outcomes that depend on multiple variables going exactly right
- Not compromising on governance, valuation, or risk framework

How Do We Approach Opportunities Like This?

We study them closely.

We learn from them.

We incorporate the *direction of change* into how we think about the world.

But we only allocate client capital when an opportunity meets our standards, not just intellectually, but probabilistically.

In many cases, the way to benefit from major innovation is not through a single high-profile entry point, but through diversified exposure to durable, high-quality businesses that:

- Generate consistent cash flow
- Allocate capital effectively
- Return capital to shareholders over time

That remains the foundation of how we invest.

A Moment Worth Paying Attention To

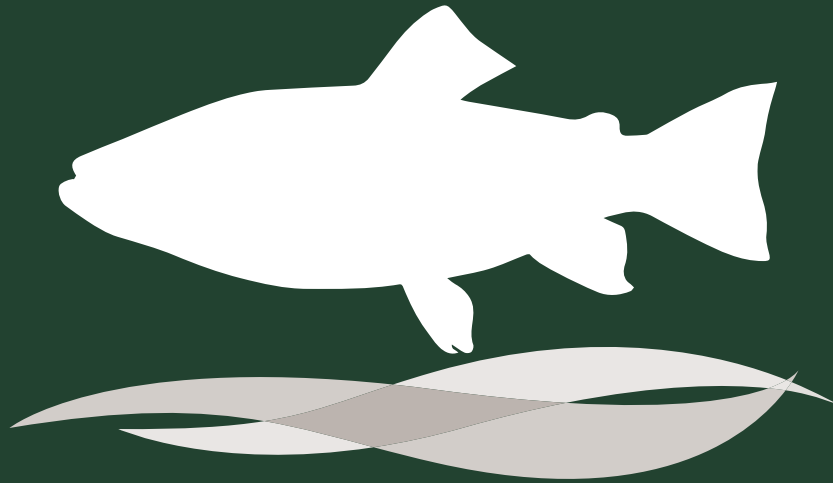
The SpaceX IPO is more than a transaction; it is a signal. It reflects the scale of ambition in today's economy and the pace of technological change shaping the future.

We are paying attention.

We are doing the work.

And we are focused on ensuring our clients benefit from these shifts.

As always, we remain vigilant and apply our investment framework of disciplined selectivity to help capture opportunities while managing risk.



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