



The Impact of Mega-IPOs and Benchmark Reconstitution

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Two developments are reshaping major equity benchmarks at the same time: the most recent round of benchmark reconstitutions and a wave of very large IPOs, some completed and others expected over the next several quarters. The events are distinct in mechanics but share a single driver, the concentration of market capitalization in AI-related companies. Their combined effect is a material change in the composition, sector weights, and risk profile of the indices that many investors hold. In this piece we review what the reconstitutions have already changed, how fast-entry rules are likely to treat the coming megacap listings, and what both mean for index-based portfolios.

The increasing market capitalization of AI-related companies has reshaped the equity landscape. FTSE Russell’s June reconstitution of its indices reflected some of these AI-related changes. Nvidia is now the single largest holding in the Russell 3000 and the S&P 500, at 7.5% of assets against Apple’s 6.6%.¹ In the Russell 1000 Growth Index, the Magnificent Seven’s combined weight fell from 52.8% to 43.1% between reconstitutions, while

semiconductor names, helped by Micron and SanDisk moving out of the Value Index entirely, rose from 24% to above 30% of the index.² Software fell from a fifth of the Russell 1000 Growth Index to under a tenth over the same period.³ FTSE Russell’s reconstitution in June made the shift official rather than merely priced in: Amazon became the largest company in the Russell 1000 Value Index with Russell assigning 92% of Amazon’s shares to the Value Index.⁴ While benchmarks regularly adjust to reflect changes in market values of companies, since 2021 the influence of AI has made a considerable impact on benchmark compositions (Figure 1 and Figure 2).

As Figure 1 and 2 illustrate, the AI boom has already caused considerable adjustments to benchmarks. Megacap IPOs are adding further pressure to benchmark providers. SpaceX’s IPO in June gave it a market capitalization of well over \$1.5 trillion.⁵ This made it one of the largest companies in the world. The likelihood of it achieving such a valuation was hard for any benchmark provider to ignore. Changes to inclusion rules by several benchmark providers prior to the SpaceX IPO cleared the way for the company to enjoy fast-track inclusion in major equity benchmarks, with the exception of the S&P 500 Index.⁶

Figure 1
Top Ten Companies in the Russell 1000 Value Index in 2021 & 2026

2021	Weight	2026	Weight
Berkshire Hathaway	2.6%	Amazon	6.1%
JPMorgan Chase	2.3%	Apple	5.6%
Johnson & Johnson	2.2%	Microsoft	5.0%
UnitedHealth Group	1.8%	JPMorgan Chase	2.5%
Procter & Gamble	1.7%	Berkshire Hathaway	2.5%
Bank of America	1.5%	ExxonMobil	1.8%
Walt Disney	1.5%	Johnson & Johnson	1.7%
Comcast	1.3%	Cisco Systems	1.2%
Pfizer	1.3%	Walmart	1.1%
Cisco Systems	1.2%	AbbVie	1.1%

Source: LSEG FTSE Russell reflecting the June 2026 reconstitution as of August 2021 and August 2026.

Figure 2**Top Ten Companies in the Russell 1000 Growth Index in 2021 & 2026**

2021	Weight	2026	Weight
Apple	10.6%	NVIDIA	15.5%
Microsoft	10.1%	Alphabet	10.7%
Amazon	6.7%	Apple	7.5%
Alphabet	6.5%	Microsoft	5.7%
Meta	4.0%	Broadcom	5.2%
Tesla	2.5%	Micron	3.2%
NVIDIA	2.4%	Tesla	3.2%
Visa	1.7%	Meta	3.1%
Home Depot	1.6%	Eli Lilly	2.8%
PayPal	1.5%	Advanced Micro Devices	2.3%

Source: LSEG FTSE Russell reflecting the June 2026 reconstitution as of August 2021 and August 2026. Alphabet share classes A and C have been combined.

Figure 3**Benchmark Fast-Entry Rules Overview**

Index Family	Assets Indexed	Fastest-Entry Window	Float Requirement
S&P	\$718 trillion	12 months ⁷	No minimum
CRSP	\$3.76 trillion	5 days	No minimum
FTSE Russell	\$2.72 trillion	5 days	No minimum
MSCI	\$1.86 trillion	10 days	No minimum
Nasdaq	\$777 billion	15 days	No minimum

Source: Morningstar, S. Lefkowitz, "How Will Mega-IPOs Change the Face of the US Stock Market?" June 2, 2026.

These index providers may see their benchmarks change even more in coming months with the anticipated IPOs of Anthropic and OpenAI. MSCI, FTSE Russell, and NASDAQ all now have fast-track rules for very large IPOs. Such fast-entry rules may allow for inclusion as soon as five days after an IPO (see Figure 3).

SpaceX, OpenAI, and Anthropic are very founder friendly. As a result, public shareholders may find they have less say in the fate of these companies than they are accustomed to. In 2017, both S&P Dow Jones Indices and FTSE Russell restricted index eligibility for companies with multiple share classes that limit public shareholders' voting power, but the two rules differed in reach. S&P's rule applied only to new additions; FTSE

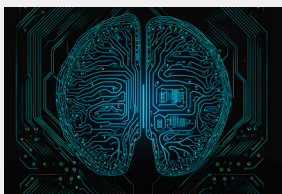
Russell's likewise applied to new constituents as well as to existing constituents after a five-year grace period, so non-compliant incumbents faced potential removal.⁸ Both index providers have since rescinded these rules. Had these rules remained in place, SpaceX, Anthropic, and OpenAI could not be included in their benchmarks.⁹

As we write, Anthropic is expected to IPO later this year.¹⁰ OpenAI has reportedly pushed back its debut until 2027.¹¹ Both are expected to be fast tracked into Nasdaq, MSCI, and FTSE Russell indices within days of their IPOs. S&P Dow Jones may continue to be the exception. Like SpaceX, Anthropic, and OpenAI may wait for at least a year to be included in the S&P 500 Index.

Taken together, these developments are a reminder that a benchmark is not always a neutral representation of the market. Index providers make judgment calls, and those calls determine how much exposure a passive portfolio carries to certain sectors and companies (e.g., to AI-related names) and how soon it carries it. As a result, two broad US equity indices can differ materially in their exposure to the same handful of companies. The style implications are just as significant. With Amazon, Apple, and Microsoft now among the largest constituents of the Russell 1000 Value

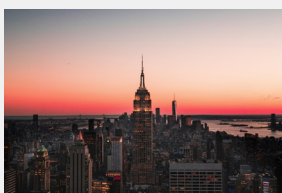
Index, and semiconductors approaching one-third of the Russell 1000 Growth Index, the traditional line between growth and value may be blurring, and the returns of the two styles could converge more than their labels suggest. Finally, governance profiles are shifting as well: the founder-friendly share structures common to this cohort of listings allocate voting power differently than public investors have typically encountered, which is a factor to weigh alongside the exposure itself.

For more on [AI exposure](#) and its implications across asset classes, [potential IPOs](#), or [investing in small companies](#), visit [Meketa.com/thought-leadership](https://meketa.com/thought-leadership).



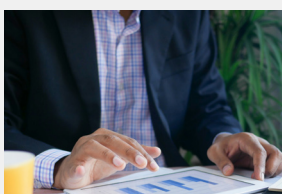
AI Exposure

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End Notes

¹ Sources: LSEG, "June 2026 Russell US Indexes Reconstitution: Summary of Changes," June 26, 2026; AllianceBernstein, "US Growth Stocks: Semiconductors Surge Redraws the Risk Map, September 1, 2026.

² Sources: LSEG, "June 2026 Russell US Indexes Reconstitution: Summary of Changes," June 26, 2026; Morgan Stanley, "Growth, Value or Both? What The 2026 Russell Reconstitution Means for Investors," June 15, 2026.

³ Sources: LSEG, "June 2026 Russell US Indexes Reconstitution: Summary of Changes," June 26, 2026; AllianceBernstein, "US Growth Stocks: Semiconductors Surge Redraws the Risk Map, September 1, 2026. LSEG, "Russell US Equity Indexes v7.2," August 2026.

⁴ Sources: LSEG FTSE Russell Index Factsheet August 2026; Morgan Stanley, "Growth, Value or Both? What The 2026 Russell Reconstitution Means for Investors," June 15, 2026.

⁵ Source: Morningstar, T. Lauricella et al, "SpaceX Jumps 19% In Debut, But Hurdles Lie Ahead," June 12, 2026.

⁶ Source: Financial Times, G. Steer, "Fast Entry SpaceX, OpenAI, and Anthropic IPOs to Ignite Wall Street Trading Frenzy," May 21, 2026

⁷ S&P requires an IPO to have traded on an eligible US exchange for at least 12 months before the Index Committee will consider it for inclusion, and because a candidate must also post positive GAAP net income in its most recent quarter and across the trailing four quarters, the practical wait is often longer.

⁸ Source: Morningstar, S. Lefkowitz, "How Will Mega-IPOs Change the Face of the US Stock Market?" June 2, 2026

⁹ Source: Morningstar, S. Lefkowitz, "How Will Mega-IPOs Change the Face of the US Stock Market?" June 2, 2026

¹⁰ Source: Financial Times, G. Hammond, "Anthropic Investors Bet on \$2 tr Valuation in Record IPO," August 12, 2026.

¹¹ Source: Financial Times, G. Steer et al., "OpenAI Weighs Funding Round at \$1.2 Tn. Valuation Before IPO," September 15, 2026.

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