TD Wealth

The Next Voyage

Private Markets and Cycles

Market Insights

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Wealth Investment Office

The Next Voyage: Private Markets and Cycles

What the world's most coveted private company reveals about innovation, access and the next chapter of private markets.

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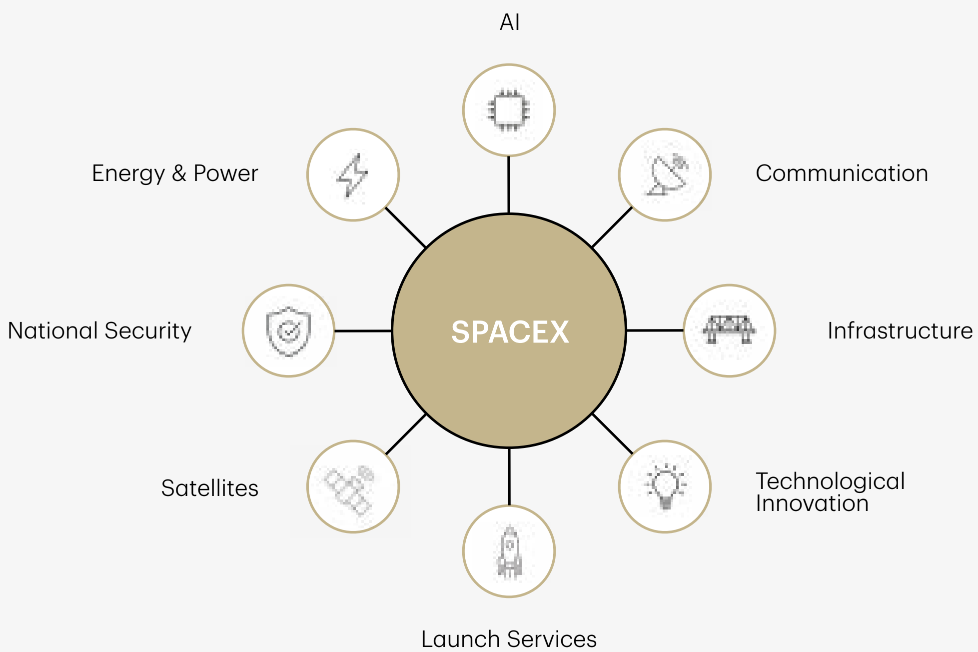
Few companies have captured investors' imaginations quite like SpaceX. The company sits at the intersection of some of the most powerful investment themes of our time: artificial intelligence, communications, infrastructure, national security and technological innovation. It's also led by Elon Musk, a figure who has cultivated a unique reputation for identifying transformative opportunities long before they become obvious to the broader market. From electric vehicles and reusable rockets to satellite communications and artificial intelligence, Musk has repeatedly demonstrated an ability to transform ambitious technological visions into commercially viable businesses.

For some, SpaceX represents one of the greatest growth opportunities of the coming decades. For others, it represents the danger of extrapolating extraordinary success too far into the future. Yet the most interesting investment question may not be what SpaceX is worth; it may be what the debate surrounding SpaceX reveals about private markets themselves.

The debate around SpaceX is not really about rockets. It's about capital formation, investor access and whether private markets are experiencing a temporary cycle or a permanent change. For us, however, the answer is less about choosing sides and more about maintaining a disciplined investment process. Our Adaptive Markets methodology is designed to identify attractive sources of growth while protecting capital across changing market environments. That means building diversified portfolios across public and private markets, active and passive strategies and traditional and alternative investments.

Ultimately, though, the debate around SpaceX is a reminder that the objective is not to predict where innovation will emerge, but to build portfolios capable of participating wherever it does.

Figure 1: Centre of the Most Important Themes



For illustrative purposes only

Private Markets: From Darlings to Doubt

Few areas of investing have experienced, over the past two years, a more dramatic reversal in sentiment than private markets. Only a short time ago, private equity was widely celebrated. Investors praised its ability to provide access to innovation, to participate in a company's growth before its public listing and to diversify portfolios beyond traditional stocks and bonds. Today, however, the narrative sounds very different. Critics point to slow distributions, delayed exits, reduced initial public offering (IPO) activity, extended holding periods and valuation uncertainty as evidence that private markets are fundamentally broken.

The argument is understandable. The IPO market has slowed dramatically, and strategic buyers have become more selective. Rising interest rates compressed valuations across both public and private markets, and liquidity has become scarcer. Yet perhaps investors are making a familiar mistake, confusing the bottom of a cycle with permanent impairment.

They may also be giving too much weight to the inevitable chorus of pessimists and Cassandras that emerge whenever an asset class falls out of favour. History suggests these voices are often loudest during periods of maximum uncertainty and most confident when the future is least knowable. Every cycle produces its own narrative. During periods of optimism, risks are dismissed. During periods of stress, opportunities are overlooked. Neither extreme tends to age particularly well.

Value creation has not vanished

Markets move in cycles, whereas narratives tend to move in straight lines until they don't. The criticism of private markets may ultimately prove to be less about value creation and more about value realization. Innovation has continued and businesses have continued to grow. What has slowed is the mechanism through which investors convert value into liquidity. The mechanism for realizing value was constrained, but the value itself did not disappear.

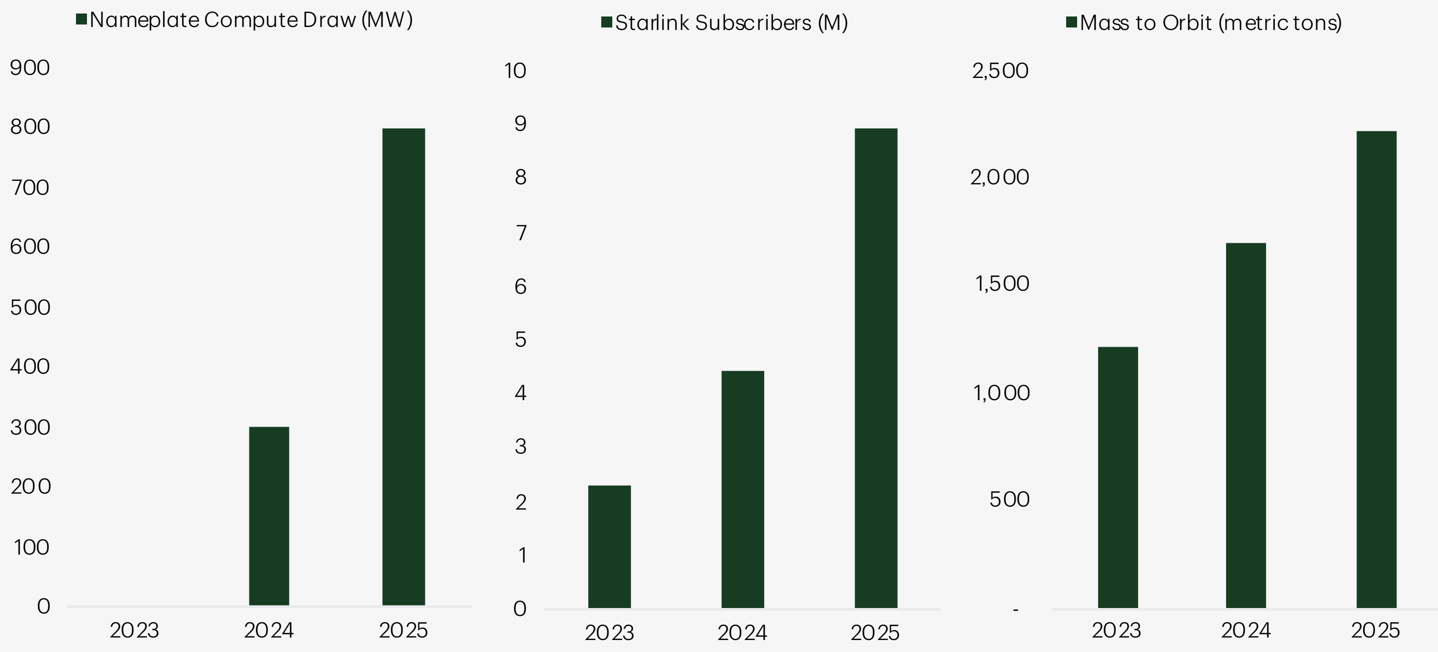
When we published our Q1 Portfolio Strategy Quarterly, entitled "A Brand New Renaissance," we argued that some of the world's most innovative companies were reaching extraordinary scale while remaining private for much longer periods. Venture capital, private equity, growth investors and sovereign capital were providing the funding necessary to build businesses at a scale that historically would have required access to public markets much earlier in their development.

As a result, a growing disconnect emerged between where innovation was occurring and where many investors could access it. Our view was that this divergence would not persist indefinitely. Eventually, successful companies would need to return to public markets to provide liquidity, broaden ownership and access larger pools of capital. The question was never whether capital formation and liquidity would re-emerge, but when.

A Brand New Renaissance

SpaceX provides a fascinating example. Over the past year, markets have increasingly rewarded the owners of infrastructure rather than simply the creators of software — or as we have argued before, "Electrons Before Algorithms." Viewed through that lens, SpaceX is far more than a rocket company. It sits at the intersection of launch services, communications, connectivity, AI infrastructure and national security (Figure 2).

Figure 2: More than Just a Rocket Company



Source: Company S1 Filing as of June 2026.

The debate around SpaceX is particularly interesting because both the bull case and the bear case are extraordinarily compelling. The bull case begins with the observation that SpaceX has already accomplished what many experts considered impossible. Through reusable rockets, the company has fundamentally altered the economics of a launch. Falcon 9 has become the dominant launch platform globally, creating a scale advantage that competitors have struggled to match.

Beyond launch lies Starlink. While many investors still think of SpaceX as a rocket company, Starlink may ultimately prove to be one of the largest communications networks in the world. In addition, some investors also view SpaceX as an AI infrastructure story. As demand for computing power, connectivity and data transmission continues to rise, communications networks have become increasingly strategic assets. And then there's Starship. If Starship succeeds in dramatically reducing launch costs, entirely new industries could emerge. Throughout history, major reductions in transportation costs have unlocked new forms of economic activity.

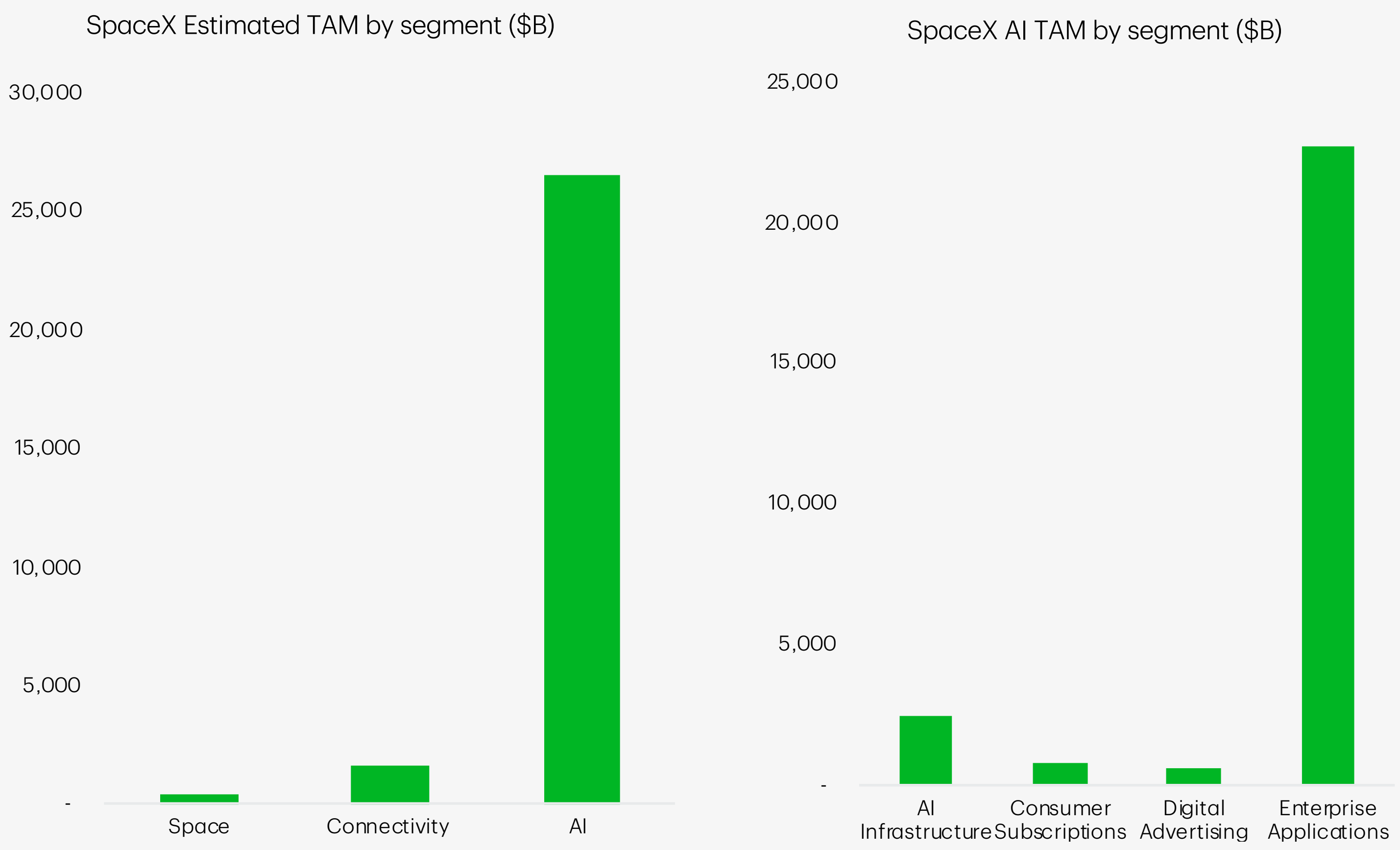
Put differently, the bull case is not simply that SpaceX is a better aerospace company. It is that it may be building essential infrastructure across multiple future profit pools at once: launch, low-Earth-orbit communications, defence and intelligence applications and potentially the physical backbone required to support a more connected and data-intensive global economy.

That framing matters because the underlying economics are unusually powerful. Reusability has lowered launch costs and increased cadence, helping SpaceX establish a leadership position in global launch services. Starlink, meanwhile, is not merely an adjacent business; it's a large and strategically relevant communications platform serving households, enterprises and governments. The same pattern is now visible across artificial intelligence. Recent deals involving Anthropic and Google have underscored that the scarce asset in AI is increasingly not just the model, but the computing power and network capacity required to train, deploy and scale it. That does not eliminate valuation risk, but it does help explain why investors are willing to underwrite a broader set of future cash-flow possibilities than a traditional aerospace framework would suggest.

The bear case is equally compelling. The problem is not that SpaceX lacks quality. It's that the valuation may already assume success across multiple uncertain layers at once. Starship remains in test mode and has yet to demonstrate the reliable, high-frequency cadence required to support the most ambitious assumptions embedded in the long-term story. Recent launch pauses and regulatory reviews are a reminder that aerospace timelines rarely move in straight lines. Even with the Federal Aviation Administration (FAA) allowing up to 25 Starship launches annually from Texas, that remains far below the cadence implied by the most expansive visions of a fully reusable, mass-market launch system.

Starlink, meanwhile, is already impressive in scale, with millions of users and thousands of satellites in orbit, but scale alone does not guarantee durable economics. Satellite broadband remains capital-intensive, competition is increasing, and sustaining network quality as the constellation expands will require continued investment. In other words, the bear case is not that SpaceX is ordinary. It's that investors may be eagerly funding several business models before the most difficult technical, regulatory and commercial questions have been fully answered (Figure 3).

Figure 3: How big is the SpaceX market opportunity really?



Source: Company S1 Filing as of June 2026.

What a SpaceX Offering Could Signal

The more important question for investors may not be whether the bulls or bears are ultimately correct, but what a successful SpaceX offering could signal about private markets more broadly. For several years, critics have pointed to weak exit activity, reduced IPO issuance and slower distributions as evidence that private markets were fundamentally impaired. But a successful SpaceX offering could suggest something very different. Rather than marking the end of a private-market cycle, it may represent the beginning of a new one. If one of the world's largest and most sought-after private companies successfully transitions into public markets, it could serve as a powerful signal that the mechanism for realizing value is beginning to reopen.

The evolution of private markets has also changed the way investors gain exposure to innovation. Historically, many transformative companies entered public markets relatively early in their development. Today, companies can remain private for far longer and reach extraordinary scale before ever pursuing a public listing. As a result, private markets increasingly offer access not only to innovative companies themselves, but also to the broader ecosystems forming around them. Investors can participate in the infrastructure, services, communications networks and downstream businesses that enable new technologies to be adopted at scale.

At TD Wealth, we offer a broad range of private-market solutions through diversified managers and strategies. Depending on underlying holdings and vintages, these portfolios can provide indirect exposure to innovative private companies such as SpaceX, Anthropic, OpenAI and others, alongside the private credit, operating businesses, infrastructure and real estate that support them. Importantly, the objective is not to identify a single future winner. It is to build diversified exposure across the broader ecosystem of innovation. Innovation rarely travels alone. It requires financing, infrastructure, communications, power, real estate, talent and capital markets.

Perhaps the ultimate lesson from SpaceX is not about rockets at all. It's about access. For decades, public markets were where investors participated in the growth of the world's most important companies. Increasingly, however, many of those companies are reaching extraordinary scale while remaining private. The debate around SpaceX is not simply about valuation. It's about who gets to participate in innovation, and when.

The recent decision by S&P Dow Jones Indices adds another layer to the discussion. Specifically, S&P elected to maintain its existing eligibility requirements rather than modify them to accommodate large private companies entering public markets. The decision is entirely reasonable. Consistent rules and predictable methodologies remain among the strengths of index investing.

Yet the discussion highlights an important reality. As companies remain private for longer periods of time, innovation increasingly occurs across both public and private markets. Active managers may gain access at different points in a company's life cycle. Private-market investors may gain access earlier still. Passive investors continue to benefit from broad diversification, low costs and disciplined market exposure, but may increasingly participate later in the value-creation process as companies reach public markets at much larger scale.

This is not an argument against passive investing. Many of our portfolios incorporate passive strategies, and we expect they will continue to play an important role in portfolio construction. Rather, it's a reminder that no single approach captures every opportunity. Different investment structures provide access to different parts of the opportunity set. Cycles rarely expose just asset classes — they expose strategy, allocations and managers.

A Tapestry of Opportunity

The debate around SpaceX mirrors the debate around private markets themselves. The bulls see transformational innovation, expanding opportunity sets and decades of future growth. The bears see lofty valuations, uncertain exits and expectations that may already reflect perfection. Both arguments contain elements of truth.

For investors, however, the debate may ultimately be something of a moot point. We do not view public and private markets as competing ideas. We view them as complementary sources of opportunity. Our portfolios are built as a tapestry of active and passive strategies, public and private assets, growth and income, and traditional and alternative investments. Each thread contributes something different, but together they create a stronger whole.

The goal is not to predict where innovation will emerge, but to build portfolios capable of participating wherever it does. After all, as we pointed out earlier, narratives move in straight lines until they don't. The same may be true of transformative companies or private markets themselves. For us, however, the most important lesson is not about SpaceX, private equity or even the next IPO cycle. It is about maintaining a disciplined investment philosophy.

Our Risk Priority Management philosophy begins with understanding that investors are not seeking returns in isolation; they are seeking to achieve real-world objectives while managing risk across changing market environments. Our Adaptive Markets methodology is how we put that philosophy into practice. By combining public and private markets, active and passive strategies and traditional and alternative investments, we seek to build portfolios that can adapt as opportunities evolve and market conditions change.

Innovation will emerge in unexpected places. Our objective is not to predict exactly where, but to ensure our portfolios are prepared to participate when it does.

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