Keen Insight 2026 Q2

April - June 2026

KEEN Capital

IPOs are Back in the Headlines

One of the most visible signs of renewed investor enthusiasm in Q2 was the rebound in IPO activity. After several quieter years, the IPO window appears to be reopening. Renaissance Capital reported that 48 U.S. IPOs raised a record $104.8 billion in Q2 2026, led by SpaceX's historic offering, and 82 IPOs have priced so far in 2026. PwC also noted that Q1 2026 was already the strongest opening quarter for U.S. IPOs since 2021.

The return of marquee names has naturally drawn attention. SpaceX, OpenAI, Anthropic, and other AI-related companies have become part of the public-market conversation. These are exciting businesses, but excitement is not the same as a disciplined investment process.

Our general approach is to avoid buying IPOs during at least their first year as public companies. The reason is simple: early trading often combines limited public history, aggressive expectations, insider lockup dynamics, and high volatility. IPOs can produce spectacular winners, but the first year is often more about price discovery than long-term fundamentals. Many index providers, such as Nasdaq and Russell are fast tracking these mega-IPOs to join the indices more quickly underscoring additional need for due diligence if using index funds.

History offers plenty of reminders. Rivian's 2021 IPO was met with enormous enthusiasm and briefly traded far above its offering price, but later fell sharply, dropping roughly 80% in the first year as expectations reset. It has yet to recover. Palantir, now a long-term success story, also experienced major volatility after going public. Its shares remained depressed for more than 3 years before advancing. And we can't forget META (formerly Facebook) which dropped more than 30% in year one after their 2012 IPO.

Academic IPO data shows why we prefer patience: from 1980–2025, IPOs had an average first-day return of 19%, but long-run results were much more mixed, especially for expensive IPOs bought after the first-day pop. The chart below shows average 3-year returns of IPOs excluding the first day bump.

Panel B : Long Returns Measured from the First Close on Tech and non-Tech IPOs, 1980-2024

Sector	Number of IPOs	Average First-day Return	Average 3-year Buy-and-hold Return		
			IPOs	Market-adjusted	Style-adjusted
Tech	3,334	31.2%	21.8%	-12.7%	-0.4%
Non-Tech	5,919	12.0%	17.6%	-24.9%	-13.7%
All	**9,253**	**18.9%**	**19.1%**	**-20.5%**	**-8.9%**

Source: University of Florida Warrington School of business IPO -Statistics

For us, the takeaway is not that IPOs should be ignored. Rather, they should be watched carefully. A year or so of public reporting gives investors more information, more liquidity, and often a better opportunity to separate durable businesses from market hype.

AI Investing – Practical Portfolio Implications

Artificial intelligence has the potential to reshape how work gets done across the global economy. For investors, the most compelling opportunity lies in its ability to raise productivity, support margins, and enhance long-term earnings power.

From a portfolio perspective, AI is best viewed as a structural tailwind rather than a standalone trade. Investors do not need to overhaul their strategy or chase headlines to benefit. Every technology shift produces winners and losers, and identifying winners in advance is more complicated than it may appear. A quick think back to the dot com bubble in the late '90s, early 2000's is a staunch reminder of the power of winners and losers.

Maintaining diversified exposure across sectors allows portfolios to capture productivity improvements wherever they emerge. Ongoing monitoring of fundamentals helps ensure that valuations remain reasonable. Periodic rebalancing keeps risk aligned with long-term goals as markets evolve.

Most importantly, AI reinforces the value of discipline. Technological change rewards patience, diversification, and a focus on fundamentals far more reliably than short-term prediction. Learn more here.

Data

US Stocks **14.9%**

Developed Ex US Stocks **10.5%**

Emerging Markets Stocks **22.8%**

Global Real Estate **9.9%**

US Bonds **0.1%**

Global Bonds Ex US **0.9%**

Key Takeaways

- Earnings keep markets resilient in the face of headwinds
- Oil Prices drop
- Inflation rises lead by energy
- Stocks rebound from Q1 losses

Opportunities

- Bond yields remain sticky
- Expanding outside of US Large Stocks
- Global exposure to AI, infrastructure
- International Stocks are still attractive