

# Unicorn Market Monitor: Q1 2026

## Secondary Markets, AI Leaders, and Mega IPOs Drive Public-Private Convergence

### Morningstar

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### Introduction

Private markets started 2026 on strong footing, continuing to outperform public equities. Beneath the performance headlines, however, gains have been far from broad-based. A small group of large artificial intelligence-related companies has accounted for a disproportionate share of value creation, driving valuations higher while much of the broader unicorn universe has remained relatively unchanged.

In this edition of the Unicorn Market Monitor, we look beneath the surface at a late-stage venture market that is becoming more selective and more concentrated. While capital continues to flow into private markets, flows have targeted a narrower set of companies in larger funding rounds.

At the same time, secondary markets are becoming more active and more important for price discovery, especially for scaled late-stage companies. A growing pipeline of potential mega-IPOs is also blurring the line between public and private markets. Together, these dynamics point to an ecosystem that is still developing but increasingly shaped by a small number of category-defining companies.

### Key Takeaways

- ▶ **Private markets outperformed public equities, but concentration is intensifying.** The Morningstar PitchBook Global Unicorn Index rose 12.6% in the first quarter, outperforming public markets by more than 15 percentage points. Gains were driven primarily by a small group of mega-cap AI leaders rather than by broad-based appreciation.
- ▶ **Fundraising recovery remains narrow.** Global unicorn deal value reached \$236.2 billion in 2025, but deal count remains 57% below 2021 peak levels. More than half of unicorns have not raised capital in over two years, highlighting increasingly selective capital access concentrated in a smaller group of scaled companies.
- ▶ **The Morningstar PitchBook Unicorn 20 Index captures last-stage value creation.** The index gained 12.1% in the first quarter and 100.1% over 12 months, capturing value creation in the late private phase for scaled leaders. Secondary market pricing also makes the index more responsive to information than benchmarks based solely on primary funding rounds.
- ▶ **AI dominates value creation.** AI companies represent 41% of unicorns by count and 50% by value, with the Morningstar PitchBook GenAI 20 Index delivering 179.5% annualized returns driven by episodic repricing and "TAM drafting"<sup>1</sup> from anchor companies such as OpenAI.

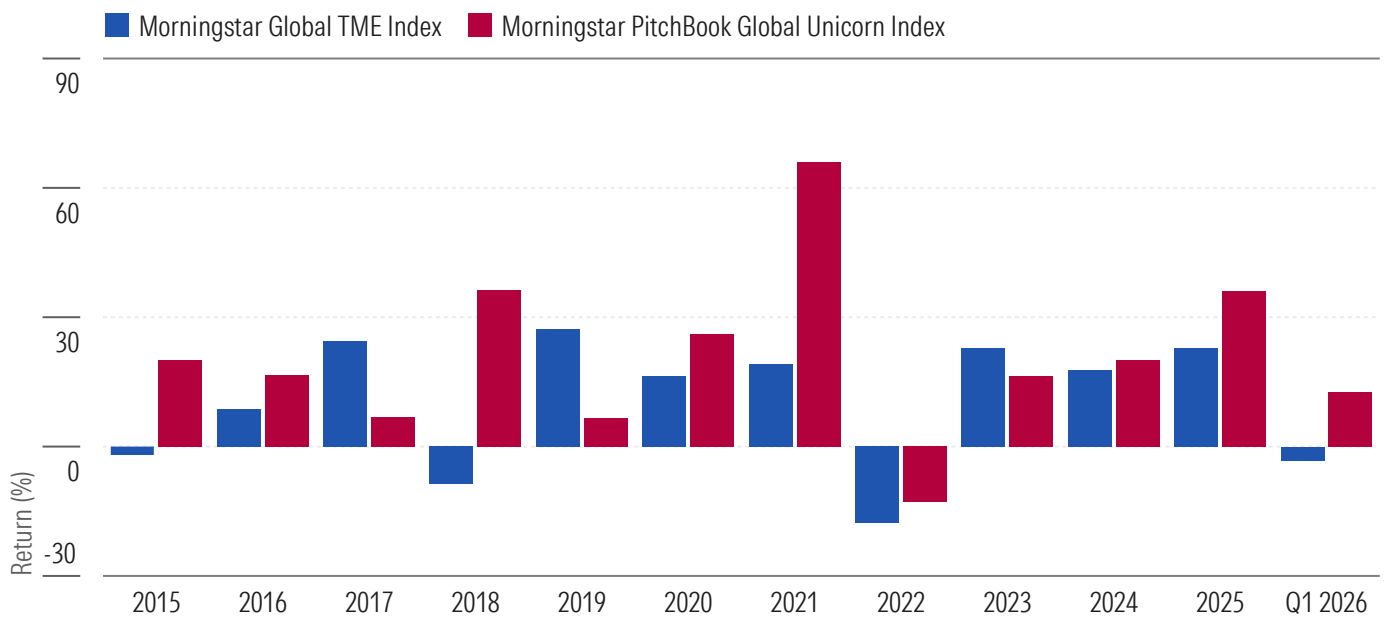
<sup>1</sup> Total addressable market drafting refers to a valuation transmission mechanism in which the market-implied opportunity set of category leaders influences investor expectations for adjacent companies in related markets.

- ▶ **Secondary markets are becoming increasingly important for price discovery.** Secondary trading volume for late-stage companies grew 65% over the last 12 months, with secondary prices increasingly trading at premiums to stale primary-round marks across much of the Unicorn 20 universe.

**Global Unicorn Market Performance**

The [Morningstar PitchBook Global Unicorn Index](#) rose 12.6%<sup>2</sup> in the first quarter of 2026, outperforming the Morningstar Global TME Index, a proxy for global public equities, by more than 15 percentage points. This extends a long-term trend, with the index outperforming public markets in seven of the past 10 years.

**Exhibit #1** Index Performance: Morningstar PitchBook Global Unicorn Index Versus Morningstar Global TME Index

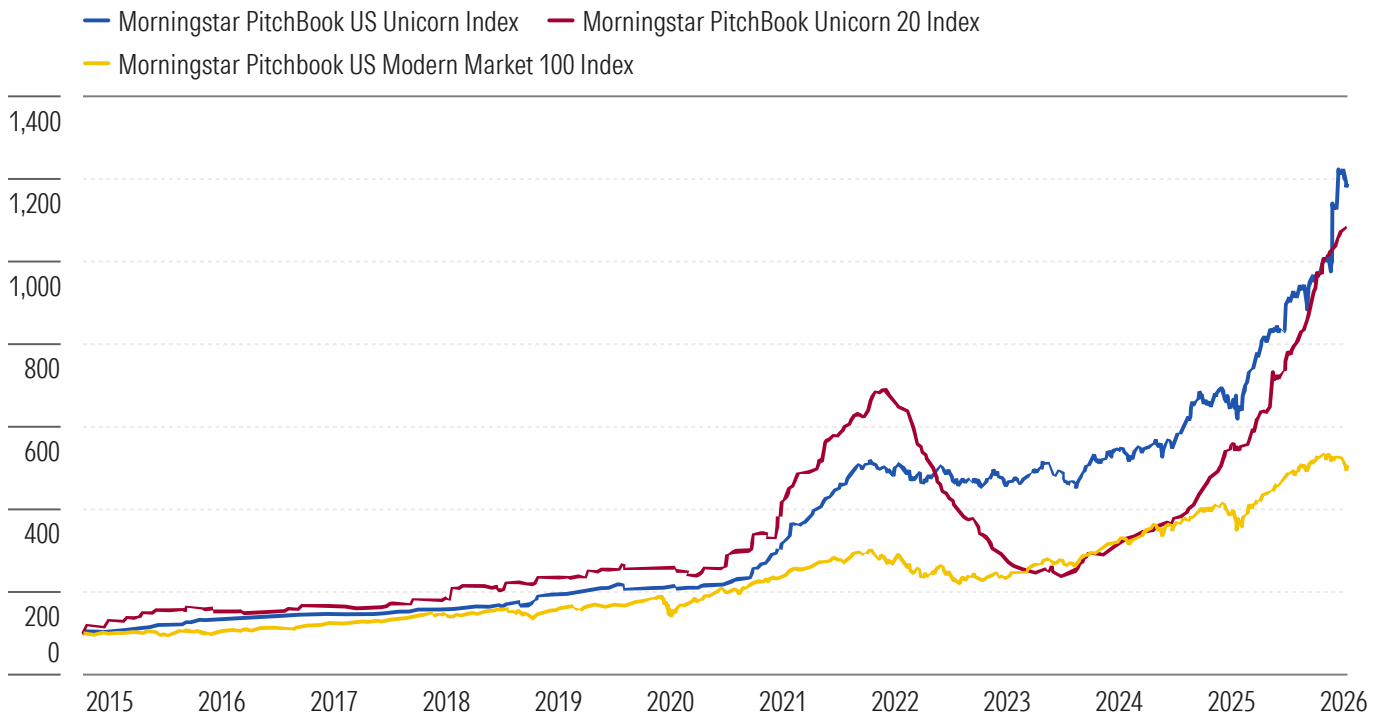


Source: Morningstar. Data as of March 31, 2026. The Morningstar Global TME Index represents a proxy for global public equity markets.

The divergence between the two markets reflects two key dynamics. First, private markets are increasingly driven by a small handful of pure-play AI companies rather than broad-based appreciation across the asset class. Second, private valuations lag public markets in both pricing adjustments and performance reporting. While public markets adjust instantly to sentiment, fundamentals, and economic data, private assets are valued infrequently, causing a delayed "catch-up" to market downturns or upturns.

<sup>2</sup> Gross index returns in USD.

**Exhibit 2** Index Performance: Morningstar PitchBook Unicorn 20 Index Versus Morningstar PitchBook Modern Market 100 Index Versus Morningstar PitchBook US Unicorn Index



Source: Morningstar. Data as of March 31, 2026. Private company performance data for the Unicorn 20 Index prior to Dec. 31, 2020, is based on primary funding round data, sourced by PitchBook.

The [Morningstar PitchBook Unicorn 20 Index](#)<sup>3</sup>, which tracks the 20 largest and most liquid unicorns, rose 12.1% in the first quarter of 2026, ending the quarter near its all-time high. In contrast, the [Morningstar PitchBook US Modern Market 100 Index](#),<sup>4</sup> designed to capture the convergence of public and private markets, declined 3.6%, marking its sharpest drop since the third quarter of 2022.

Over the trailing 12 months, the Unicorn 20 Index returned 100.1%, versus 20.9% for global public equities. The outperformance was not simply a function of sector exposure, but of access to value creation in the late private phase of category-leading companies' corporate life cycles. Constituents had reached the scale, liquidity, and investor demand required to support active secondary markets across AI, fintech, defense, autonomous systems, consumer platforms, and digital assets. Leading contributors included Cerebras Systems (+218.4%), Anthropic (+58.1%), SpaceX (+54.5%), OpenAI (+47.6%), and Stripe (+39.2%).

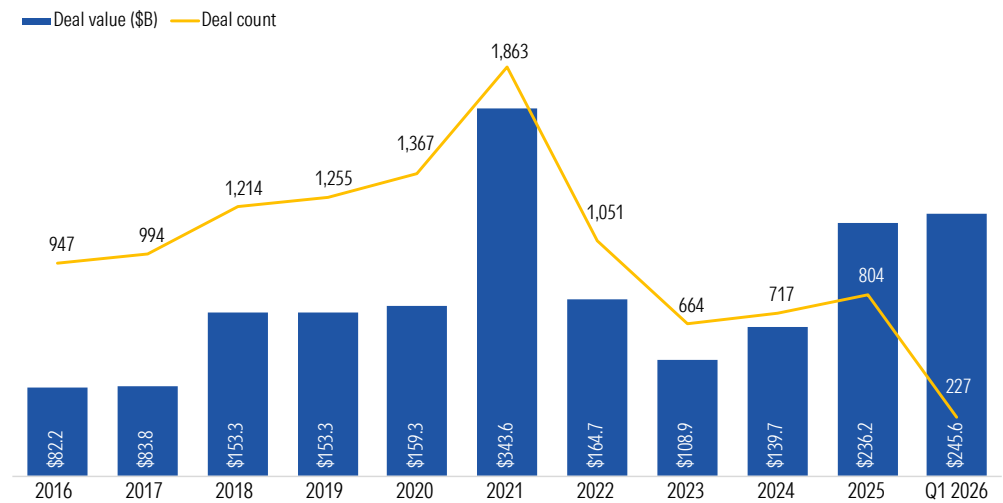
<sup>3</sup> The Morningstar PitchBook Unicorn 20 Index is designed to track the 20 largest and most liquid unicorn companies across developed markets.

<sup>4</sup> The Morningstar PitchBook US Modern Market 100 Index tracks 100 of the largest and most influential U.S.-domiciled companies: 90 public and 10 private venture-backed.

### Deals and Fundraising: A Narrower, Costlier Fundraising Market

The unicorn fundraising market remains highly bifurcated. Capital activity is recovering for a smaller group of companies still able to raise, while much of the broader unicorn universe remains effectively frozen. Across PitchBook's broader unicorn coverage universe of 1,648 active unicorns with round-level data, 844 have not raised capital since the first quarter of 2024 or earlier, and 658 have been inactive for more than three years. The apparent shortening of funding cycles in 2025 and the first quarter of 2026 therefore reflects stronger momentum among the companies still accessing capital, rather than a broad reopening of private market funding conditions.

**Exhibit 3** Global Unicorn Deal Activity



Source: PitchBook. Data as of March 31, 2026.

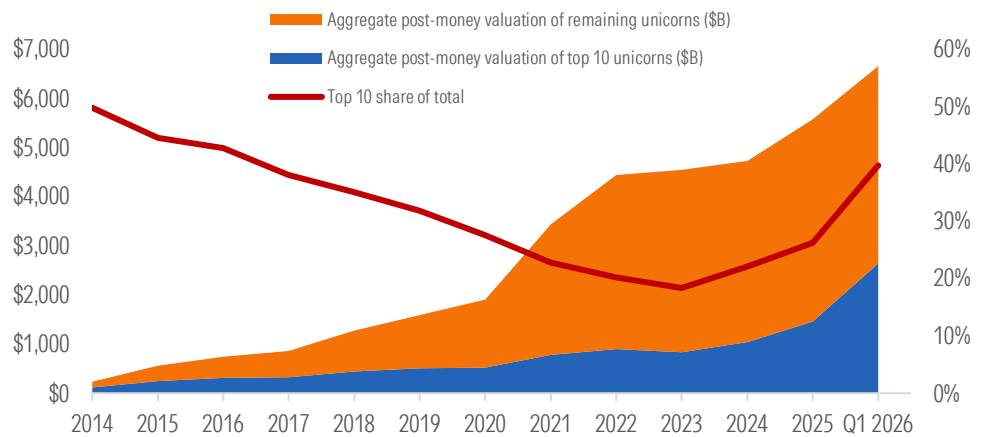
The active unicorn market is becoming both more concentrated and more expensive. Global unicorn deal value recovered to \$236.2 billion in 2025, but deal count remained well below its 2021 peak, while average round size increased to \$294 million. Later-stage financings now dominate issuance activity, with larger financing rounds concentrated among a narrower investor base and increasingly crowded syndicates. In effect, fewer companies are raising larger rounds from more concentrated pools of capital. This dynamic increases herd behavior and raises the risk of spillover effects if future markdown cycles emerge.

A second structural shift is the growing role of crossover and nontraditional investors. Hedge funds, sovereign wealth funds, and corporate venture firms now account for more than 41% of unicorn round participants, suggesting that nontraditional capital has evolved from a cyclical source of funding into a more durable feature of the private market ecosystem. At the same time, liquidity conditions remain constrained. Secondary activity is still relatively thin, while unicorn-to-unicorn M&A remains limited, with many transactions reflecting distressed consolidation rather than strategic exits. For the large cohort of dormant unicorns, access to capital and access to liquidity therefore remain distinct challenges, and neither has been meaningfully resolved.

### The Unicorn Market Reconcentrates

The unicorn market is becoming increasingly concentrated, though the headline valuation figures partially obscure that shift. Aggregate post-money valuation<sup>5</sup> of the Morningstar PitchBook Global Unicorn Index reached \$6.7 trillion in the first quarter of 2026, but that figure simply aggregates the last observed price for each company, assigning equal weight to both fresh and stale valuation marks. As a result, it resembles a market-value measure without fully behaving like one.

**Exhibit 4** Top 10 Share of Aggregate Unicorn Post-Money Valuation



Source: Morningstar and PitchBook. Based on constituents of the Morningstar PitchBook Global Unicorn Index. Data as of March 31, 2026.

On that company-level valuation basis, most of the market's value now sits in a small number of companies. The top 10 unicorns account for \$2.65 trillion, or approximately 40% of total unicorn value, returning close to 2016 concentration levels after a period of broader dispersion that ultimately proved temporary. The implication is that recent value creation has been concentrated in a handful of mega-cap names, while the median unicorn has experienced far more limited repricing. Average valuations have therefore risen largely because the largest companies continue to pull the mean upward, rather than because the broader unicorn universe has been uniformly revalued.

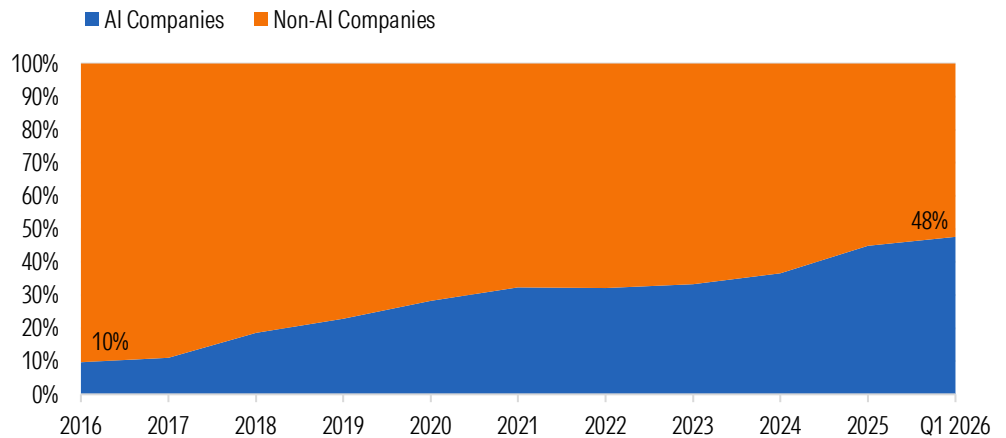
That level of concentration is notable even by public market standards. As in public equities, a relatively small group of mega-cap companies is increasingly driving both the narrative and aggregate market value, while much of the broader market remains comparatively unchanged.

<sup>5</sup> Post-money valuation refers to the observed company-level valuation, typically from a primary financing round or other available valuation source. It differs from daily index-level market capitalization, which reflects the constituent weights, pricing inputs, methodology, and rebalancing rules.

### AI's Outsize Market Impact

Across PitchBook's broader active unicorn coverage universe, AI companies represent 41% of companies by count (688 of 1,680 companies) and approximately half of total unicorn value. That share has risen rapidly, increasing to 47.6% by the first quarter of 2026 from 36.6% in 2024. OpenAI and Anthropic alone account for roughly 30% of total AI unicorn value, underscoring how exposure to the sector increasingly reflects concentrated positions in a small number of category leaders rather than broad-based thematic participation.

**Exhibit 5** AI Share of Aggregate Unicorn Post-Money Valuation



Source: PitchBook. Data as of March 31, 2026.

The [Morningstar PitchBook GenAI 20 Index](#) reflects this dynamic, delivering an annualized return of 179.5% since its inception in June 2023, versus 15.8% for global public equities. Its performance stems from episodic private market repricing rather than continuous price discovery, creating pronounced upside asymmetry (maximum drawdown of just 2.5%) but high volatility (60.1%). Returns follow a power-law distribution,<sup>6</sup> with Anthropic, OpenAI, and Databricks driving over 80% of cumulative gains.

This concentration is consistent with a private market pricing dynamic we describe as "TAM drafting": In markets with limited public comparables and sparse transaction data, valuation resets in anchor companies such as OpenAI can reshape investor assumptions about the size, durability, and monetization potential of the broader GenAI opportunity. Those revised assumptions may then influence how adjacent companies are priced over subsequent funding and secondary-market transactions, often with a lag.<sup>7</sup>

<sup>6</sup> Power-law dynamics describe a market structure in which a small number of category leaders account for a disproportionate share of value creation.

<sup>7</sup> For additional details, please refer to the research paper "Morningstar PitchBook GenAI 20 Index: Tracking AI Growth and Value."

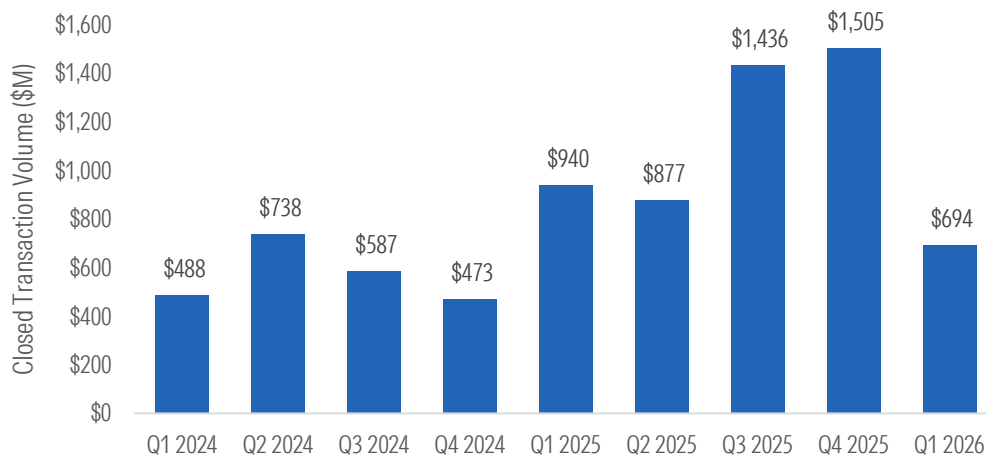
**Exhibit 6** Index Performance: Morningstar PitchBook GenAI 20 Index Versus Morningstar PitchBook Global Unicorn Index Versus Morningstar Global TME Index

	Ann. Return Since Inception (%)	1-Year Return (%)	2024 Return (%)	2025 Return (%)	Standard Deviation (%)	Max Drawdown (%)
<b>Morningstar PitchBook GenAI 20 Index</b>	179.5	289.1	109.1	269.9	60.1	-2.5
<b>Morningstar PitchBook Global Unicorn Index</b>	27.3	57.1	20.0	36.0	14.4	-14.4
<b>Morningstar Global TME Index</b>	15.8	20.3	17.7	22.7	11.8	-15.8

Source: Morningstar. Data range: June 2023 to March 2026. The Morningstar Global TME Index represents a proxy for global public equity markets.

**Secondary Market Activity Deepens Around Scaled Late-Stage Companies**

Secondary market transaction volume rose 64.9% year over year, with trading concentrated in IPO candidates, AI leaders, and companies that recently completed primary funding rounds. The top five names, led by SpaceX, accounted for more than 50% of first-quarter 2026 activity, mirroring the broader concentration in index performance and capital formation: consistent liquidity for top-tier names, sporadic trading below that level.

**Exhibit 7** Secondary Market Closed Transaction Volume


Source: Caplight. Data as of March 31, 2026.

### Secondary Pricing Becomes More Relevant for Price Discovery

Across most Unicorn 20 Index constituents, secondary valuations exceeded primary round marks, suggesting episodic primary pricing has become stale relative to more frequent, transaction-based discovery. Notable premiums include Anthropic (\$556.6 billion secondary versus \$380 billion primary) and Stripe (\$177 billion versus \$50 billion), where secondary markets have effectively become the operative valuation reference. Discounts at OpenAI (\$761.5 billion versus \$850 billion) and others show the market is discriminating, not uniformly bullish, marking down names where transaction data fails to validate the last negotiated primary price.

**Exhibit 5** Primary Versus Secondary Private Market Valuations

	Latest Primary Round Valuation (\$B)	Secondary Market Valuation (\$B)	Premium/Discount (%)
SpaceX	1250.00	1274.71	1.98%
OpenAI	850.00	761.49	-10.41%
Anthropic	380.00	556.61	46.48%
Stripe	50.00	177.04	254.08%
Databricks	134.00	144.32	7.70%
Revolut	75.00	85.38	13.85%
Anduril	30.50	80.48	163.86%
Canva	32.00	47.64	48.87%
Anysphere	29.30	38.09	30.00%
Ramp	32.00	33.71	5.34%
Figure AI	39.00	30.86	-20.87%
Cerebras	23.00	25.97	12.92%
Ripple	40.00	20.17	-49.58%
Applied Intuition	15.00	19.94	32.93%
Neuralink	9.65	18.92	96.10%
Rippling	16.80	17.75	5.65%
Perplexity	20.00	17.51	-12.46%
Deel	17.30	16.09	-7.01%
Epic Games	22.50	15.19	-32.49%
Kraken	20.00	12.43	-37.83%

Source: Morningstar, PitchBook, Caplight, and Zanbato. Data as of March 31, 2026.

### Mega-IPOs Could Reshape Markets and Accelerate Public-Private Convergence

The IPO market is showing early signs of a stronger 2026 issuance cycle, though activity remains concentrated among the largest and most mature private companies rather than reflecting a broad reopening of the market. The anticipated IPOs of SpaceX, OpenAI, and Anthropic, collectively valued at an estimated \$3 trillion to \$4 trillion, could represent a defining moment in the convergence of public and private markets. These companies have already reached public market-like scale while remaining private, and their transition to public markets could generate more than \$150 billion of issuance within a relatively short period, with meaningful implications for capital flows, index construction, exchange-traded fund ownership, and investor positioning across the broader equity ecosystem.

These listings would also address a major gap in public markets, where exposure to scaled, pure-play AI businesses has remained limited. Many of the fastest-growing technology companies have stayed private significantly longer than in previous cycles, creating substantial pent-up demand among public market investors for high-growth AI exposure. As a result, demand for these IPOs could be driven less by short-term market conditions and more by structural underexposure to AI within public portfolios, a dynamic that could be further amplified by early index inclusion, passive investment flows, and limited initial float relative to investor demand.

### **Market Implications**

Late-stage private market performance is increasingly a story of concentration: A small number of scaled AI leaders are driving index gains while the broader unicorn universe remains largely static. Secondary markets are emerging as an important price-discovery layer, and benchmarks incorporating secondary pricing are better positioned to capture value shifts between primary funding rounds and ahead of potential IPOs.

The growing pipeline of mega-IPOs further highlights the convergence of private and public equity markets. As the largest private companies reach public market scale, the distinction between public and private ownership becomes less useful on its own. For investors, index exposure becomes an increasingly important lens for understanding where value is accumulating across the equity ecosystem. ■■

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