

Spotlight On the World's Largest and Most Liquid Unicorns

A deep dive into the 2025 outperformance of the Morningstar PitchBook Unicorn 20 Index.

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Introduction

Many of today's most dynamic companies are scaling rapidly, raising significant capital, and creating substantial value long before entering public markets, if they list at all. As leading venture capital backed firms such as OpenAI, SpaceX, and Stripe remain private for longer, late-stage venture has emerged as one of the fastest growing and most influential segments of the modern equity landscape. Its scale and market impact increasingly rival those of public incumbents, yet it remains largely absent from traditional benchmarks. This growth has been fueled in part by the expansion of secondary markets, which are creating new access points for investors.

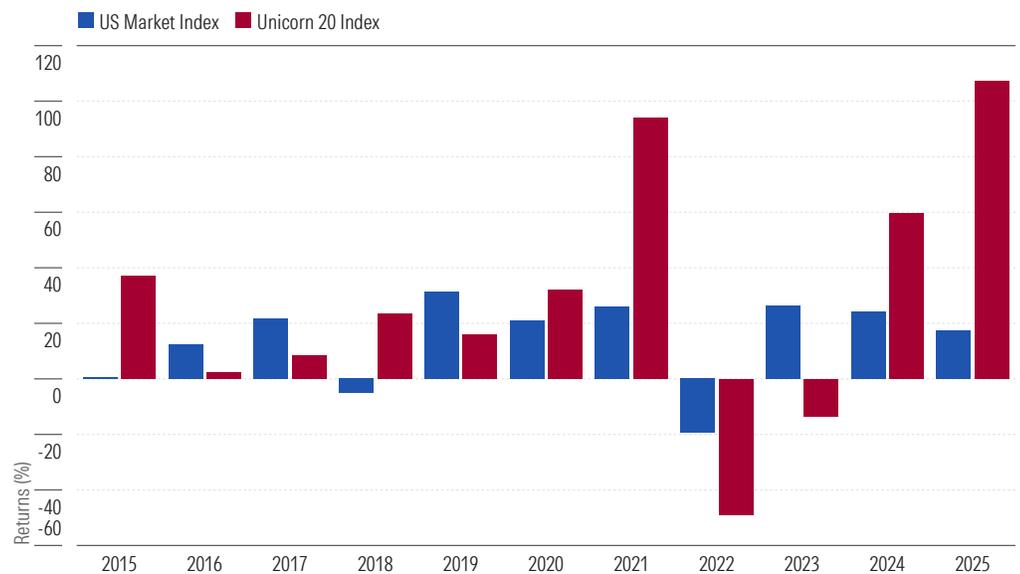
Through the lens of the Morningstar PitchBook Unicorn 20 Index, which tracks the world's largest and most liquid unicorns, this paper highlights key trends, performance drivers, and the growing role of late-stage private companies in defining today's modern equity markets.

Key Takeaways

- ▶ **Strong 2025 performance reflects a structurally broader equity universe.** The Morningstar PitchBook Unicorn 20 Index delivered strong performance in 2025, rising 107.3% compared with a 17.4% return delivered by the broadly diversified public proxy, the Morningstar US Market Index.
- ▶ **Generative artificial intelligence reshaped where equity value was created.** Late-stage private AI leaders such as OpenAI, Anthropic, Figure AI, and xAI delivered outsized gains, reinforcing that much of today's innovation-driven growth is occurring before companies enter public markets.
- ▶ **Secondary markets emerged as a critical price-discovery venue.** Secondary trading volumes rose 72% year over year, enabling more frequent valuation updates for private companies, though liquidity remained concentrated among a small group of category leaders.
- ▶ **Private leaders traded at premiums to last funding rounds.** Secondary market valuations for companies like SpaceX and Stripe exceeded their most recent primary marks, signaling strong investor demand and the growing relevance of secondary prices as real-time indicators of value.
- ▶ **Capital flowed selectively to scale and leadership.** While venture markets remained constrained overall, 16 of 20 constituents of Unicorn 20 Index raised new capital in 2025, with several completing multiple funding rounds.

A closer look at the performance trends reveals that this was not an isolated year. Over the past decade, the Unicorn 20 Index has outperformed the broad public equity market (see Exhibit 1). This prolonged advantage highlights how high-growth private companies have expanded the investable growth opportunity set beyond what public markets alone capture. It also reflects a broader structural shift: Many of today's most dynamic companies—particularly in areas such as artificial intelligence, financial technology, and space and defense—are remaining private for longer, fueling innovation and economic growth that traditional indexes fail to fully represent.

Exhibit 1 Annual Performance: Unicorn 20 vs. US Market



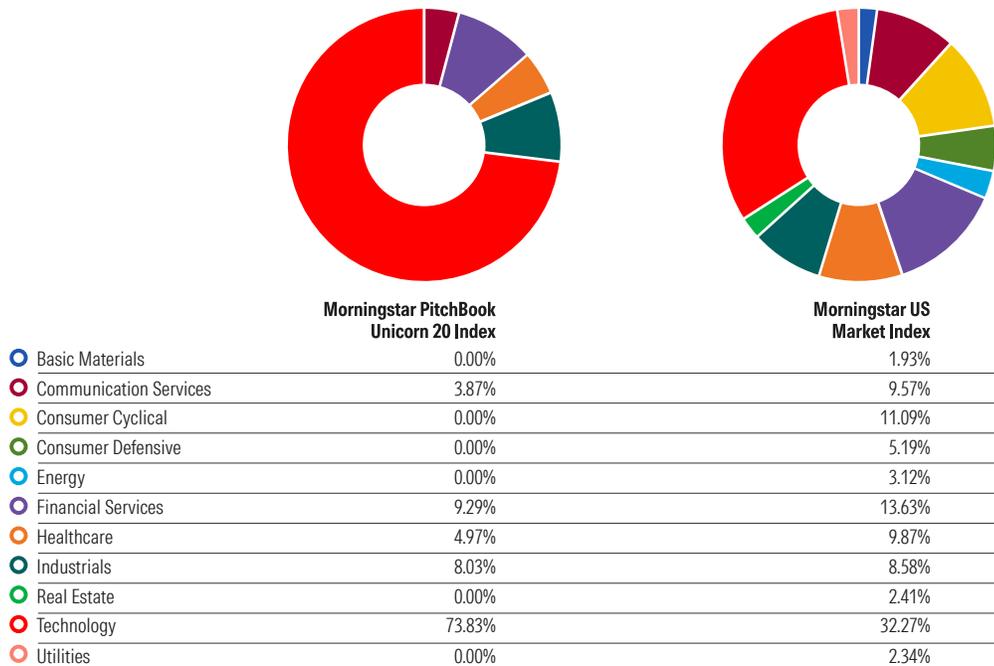
Source: Morningstar Direct. Data as of Dec. 31, 2025. The Morningstar US Market Index represents a proxy for public markets.

Private Equity Outperforms Public Markets

The Unicorn 20 Index was up 107.3% for the year, while Morningstar US Market Index posted a return of 17.4%. This disparity underscores the importance of capturing value creation earlier in the corporate lifecycle.

The Unicorn 20 Index maintains a structural overweighting in the technology sector relative to the broader Morningstar US Market Index, with an active sector weight exceeding 40% (see Exhibit 2). This tilt reflects the growing influence of technology across the economy, particularly among VC-backed, late-stage private companies that are leading innovation in areas such as AI, software, and digital infrastructure. Together, these characteristics position the Unicorn 20 Index to better reflect where growth and innovation are occurring today, rather than where they appear only after companies enter public markets.

Exhibit 2 Sector Exposures: Morningstar PitchBook Unicorn 20 Index vs. Public Market



Source: Morningstar. Data as of Dec. 31, 2025.

Outperformance Driven by Private Market Access, Not Sector Allocation

Performance attribution shows that this excess return was not the result of sector positioning but of access to private companies.

When sector effects are stripped out—by adjusting the Morningstar US Market Index to mirror the sector weights of the Unicorn 20 Index—the resulting sector-neutral benchmark delivered a return of 21.3% compared with the Morningstar US Market Index return of 17.4% for the year. In other words, sector allocation accounted for only a small portion of the Unicorn 20 Index’s relative performance.

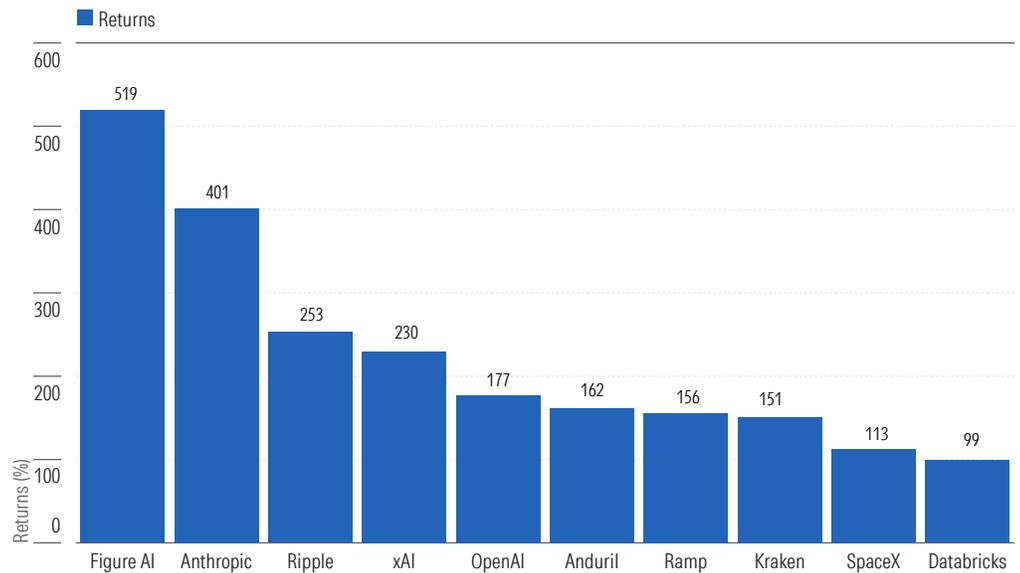
The remaining difference came overwhelmingly from private company exposure. Importantly, returns from the Unicorn 20 Index and Morningstar US Market Index exhibited low correlation (0.1), indicating that private companies introduced a distinct and largely independent source of return.

Together, these results illustrate that the index’s outperformance reflects structural access to value creation occurring outside public markets—rather than a cyclical bet on sectors or styles.

AI Momentum Drives Record Gains in Private Markets

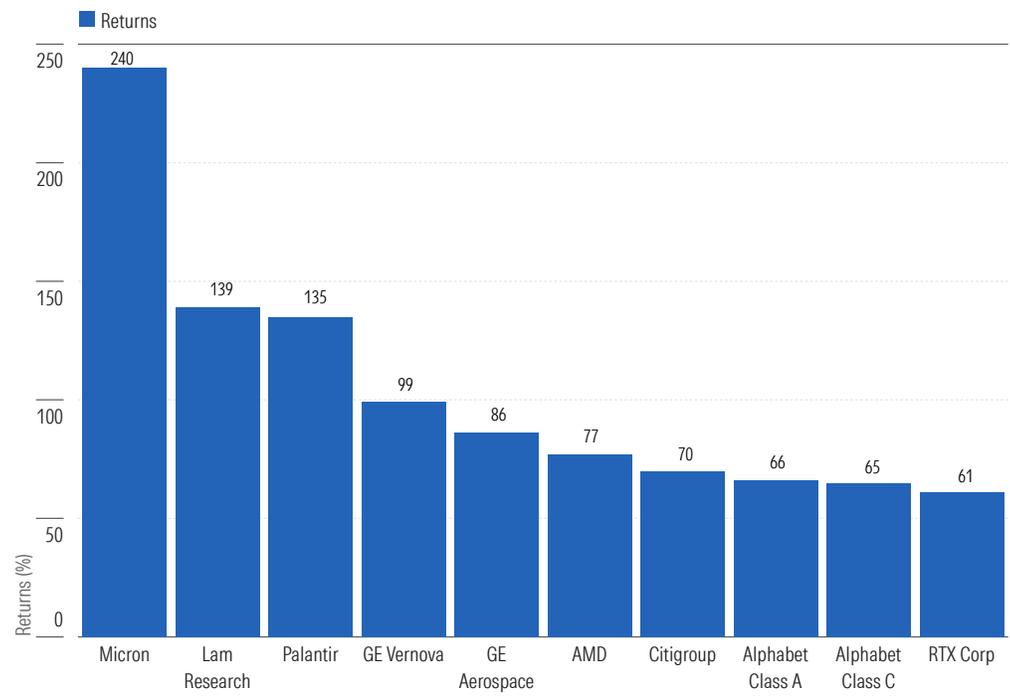
The constituents of the Unicorn 20 Index posted a record year in 2025, propelled by an unprecedented surge in valuations across the generative AI sector. Investor enthusiasm concentrated around late-stage leaders like Anthropic, OpenAI, Figure AI, and xAI, whose soaring private market valuations reflected both strong primary capital inflows and aggressive secondary market repricing. This wave of activity underscored how innovation is increasingly crystallizing inside private markets, where model developers and AI-native platforms, still years from going public, captured much of the value created by the AI boom. The pattern suggests that late-stage private companies are no longer simply pre-IPO candidates but central drivers of market growth and technological transformation.

Exhibit 3 Top 10 Unicorn 20 Index Constituent Returns (%): 2025



Data as of Dec. 31, 2025. Returns (%) generated by private constituents during 2025 are based on secondary market valuations. Data sourced from Caplight and Zambato. Figure AI and Ripple have been part of the Unicorn 20 Index since the September 2025 Index reconstitution.

On the public equity side, Micron Technology's shares surged 240% in 2025, driven by structural demand for AI-focused memory and tight industry supply as cloud and data center customers accelerated investment in AI infrastructure. Palantir's stock delivered strong gains in 2025, supported by rapid adoption of its Artificial Intelligence Platform, robust revenue and earnings growth, and valuation expansion linked to AI-driven growth expectations. Alphabet's shares rose about 65%, underpinned by successful AI integration across Search and Cloud, the release of the Gemini 3 model, and growing adoption of in-house TPU chips—making it 2025's top-performing Magnificent Seven stock.

Exhibit 4 Top 10 Morningstar US Market Index Constituent Returns (%): 2025

Source: Morningstar Direct. Data as of Dec. 31, 2025.

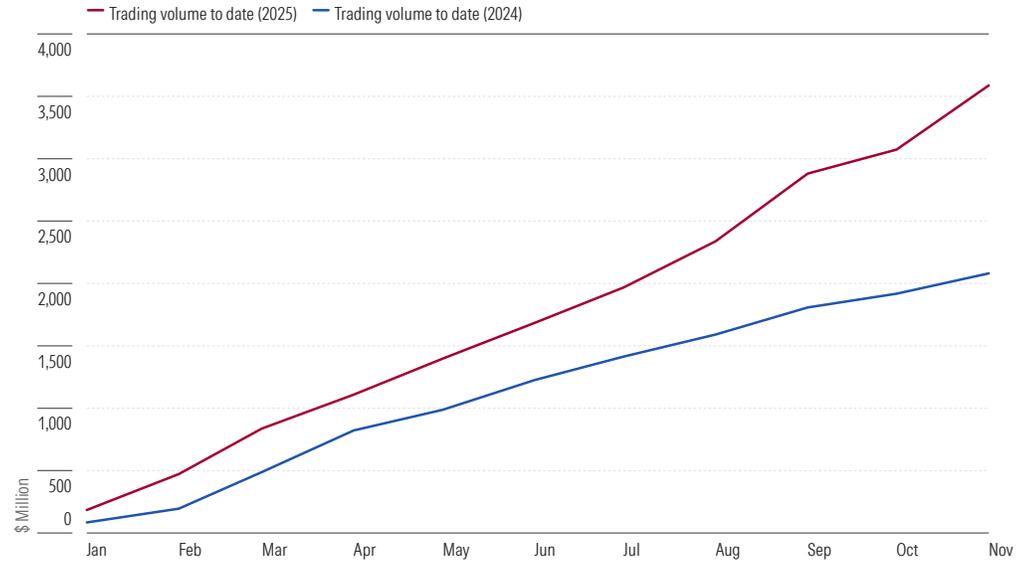
Secondary Markets Mature, but Remain Top-Heavy

Late-stage venture has evolved into a structurally distinct segment of private markets. Nontraditional institutional allocators—including sovereign wealth funds, crossover hedge funds, mutual funds, and corporate venture arms—now participate alongside traditional venture managers in growth-stage financing. This shift coincides with longer private company lifecycles: Category-leading firms can now meet substantial financing needs entirely within private markets, reducing historical reliance on public listings as the primary scaling mechanism.

Consequently, the late-stage market has shifted from purely illiquid to semiliquid exposure, with liquidity provided through periodic, negotiated mechanisms like tender offers and continuation vehicles rather than continuous market access.

Secondary trading of late-stage venture-backed companies on alternative trading systems further broadens access for investors. Though fragmented, volumes rose 72% year over year through November 2025, creating a growing channel to build and adjust private market exposure independent of primary commitments.

Activity remains highly concentrated, with greater than 50% volume tied to just 10 companies. This reinforces a tiered liquidity structure where a small group of large private issuers drives price discovery, while the broader late-stage universe stays comparatively illiquid.

Exhibit 5 Closed Traded Transaction Volume for 2025

Data as of Nov. 30, 2025. Data sourced from Caplight.

Secondary Markets Signal Premium Valuations

The valuation data from Exhibit 6 makes the most compelling case for the growing primacy of secondary markets as a price discovery mechanism. Across the majority of the Unicorn 20 Index constituents, secondary market valuations exceed the most recent post-money valuations from primary funding rounds. These premiums suggest that secondary markets are increasingly serving as a venue for real-time price discovery, particularly when primary capital raises are infrequent.

The effect is most pronounced among category leaders. Companies such as SpaceX and Stripe—neither of which raised primary capital in 2025—are trading at substantial premiums to their latest funding-round valuations. In these cases, secondary prices reflect sustained investor demand, scarcity of available shares, and expectations for long-term growth rather than outdated primary marks. This divergence highlights a structural shift in private markets: As leading companies remain private for longer, secondary transactions are playing a growing role in shaping observable valuations and signaling where investors see enduring value.

Exhibit 6 Private Equity Company Valuations

	Last Primary Round Valuation (USD Bil)	Secondary Market Valuation (USD Bil)
SpaceX	180.00	824.92
OpenAI	300.00	515.73
Anthropic	350.00	352.11
xAI	113.00	215.59
Databricks	134.00	138.78
Stripe	50.00	127.20
Revolut	75.00	83.02
Anduril	30.50	65.21
Canva	32.00	48.49
Figure AI	39.00	33.80
Anysphere	29.30	27.67
Ripple	40.00	25.44
Ramp	32.00	25.18
Applied Intuition	15.00	20.09
Perplexity	20.00	19.58
Rippling	16.80	19.08
Deel	17.30	15.99
Epic Games	22.50	14.71
Kraken	20.00	14.23
Neuralink	9.65	13.62

Data as of Dec. 31, 2025. Data sourced from PitchBook, Caplight, and Zanbato.

Selective Fundraising in Late-Stage Venture Combined With Slow IPO Market Thaw

In 2025, 16 of the 20 companies within the Unicorn 20 Index raised fresh capital across 23 primary funding rounds, signaling renewed momentum at the top end of the private market. Anthropic and Databricks led activity with multiple rounds, while OpenAI's USD 40 billion raise—the largest of the year—underscored investor conviction in generative AI's long-term potential. Anthropic followed closely, with USD 31.5 billion secured across several transactions.

At first glance, such concentrated fundraising appears at odds with broader venture conditions. By 2025, 41% of US unicorns had not completed a funding round since 2022, reflecting lingering liquidity constraints. Yet 2025's capital flows tell a more selective story. A handful of late-stage AI leaders absorbed the majority of available funding, driving 65.4% of US deal value and nearly 40% of deal count. Investors focused on scaling proven models rather than backing early-stage risk, marking a maturation of the venture cycle.

Meanwhile, public market conditions improved modestly, reopening the IPO window in the latter half of the year. Stable growth names and a few high-growth innovators attracted steady demand as listing activity resumed. Among Unicorn 20 Index constituents, Klarna, Chime, Figma, and CoreWeave debuted publicly in 2025, delivering mixed post-IPO performance by year-end—a reminder that even as liquidity returns, investors remain highly selective in assessing new growth stories.

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