MORNINGSTAR Indexes

Unicorn Market Monitor: Q2 2026

A growing unicorn market remains concentrated at the top.

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Contents

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Introduction

The aggregate value of unicorns has grown to $8.23 trillion, but the market is increasingly concentrated. Five financings accounted for 60% of second-quarter deal value, while artificial intelligence companies represented 40% of the Morningstar PitchBook Global Unicorn Index by count but 62% by value. Nearly half of unicorns have not raised capital in more than two years,[1] and the 20 largest companies now account for roughly 70% of secondary-market trading.

Public listings and strategic acquisitions generated significant exit activity in the first half, while secondary markets are providing an increasingly important reference point for private company valuations.

This edition of the Unicorn Market Monitor examines performance, fundraising, valuation, secondary-market activity, and exits to provide a data-driven view of how the late-stage venture market is evolving.

Key Takeaways

- It was a record quarter driven by a handful of repricing events. The Morningstar PitchBook Global Unicorn Index gained 42.7% in the second quarter, but 26.4 percentage points came from the repricing of companies that went public during the quarter. Excluding those events, the index returned 16.3%, compared with 14.9% for the Morningstar Global Target Market Exposure Index.
- Capital is flowing, but increasingly to a small number of companies. The five largest second-quarter financings represented 60.1% of total deal value, with Anthropic alone accounting for $65 billion. Four of the five largest financings were AI companies. At the same time, the median valuation among companies that raised financing in the first half of 2026 was $2 billion versus an $18.2 billion average.
- AI now dominates the unicorn market. AI companies represent 40.3% of unicorns but 61.7% of aggregate value. AI unicorn valuations increased by $1.59 trillion in the first half, and AI companies accounted for 109 of the 178 companies that became unicorns during the period.
- Secondary markets are becoming more important as a source of liquidity but remain concentrated. Secondary trading has reached $8.9 billion since 2024, but the constituents of the Morningstar PitchBook Unicorn 20 Index now represent roughly 70% of trading volume, up from less than 50% in early 2024. Among the 18 private companies[2] in the index at quarter-end, the median secondary price

[1] PitchBook, Q2 2026 Global Unicorn Tracker: The One-Horned Market, 2026.
[2] Two constituents had completed IPOs but remained in the index during the 180-day post-IPO lockup period.

was almost exactly in line with the latest primary valuation, but individual company differences were substantial.

- Exit activity is recovering but remains concentrated in the largest transactions. SpaceX accounted for 94.9% of the second quarter's $1.78 trillion exit value, but excluding SpaceX, 20 unicorn exits generated $90.4 billion, the strongest quarterly total since the fourth quarter of 2021. Across the first half of 2026, exit activity excluding SpaceX's IPO and its acquisition of xAI annualizes to roughly 1.7 times 2025 levels.

Strong Gains as Public Listings Reprice the Market

The Morningstar PitchBook Global Unicorn Index rose 42.7% in the second quarter of 2026, its strongest quarterly gain in more than a decade. The result was driven primarily by a handful of high-profile public listings, which revalued several of the index's largest constituents and accounted for 26.4 percentage points of the return. Excluding these repricing events, the index still gained a robust 16.3%, modestly outperforming the Morningstar Global TME Index's 14.9% return.

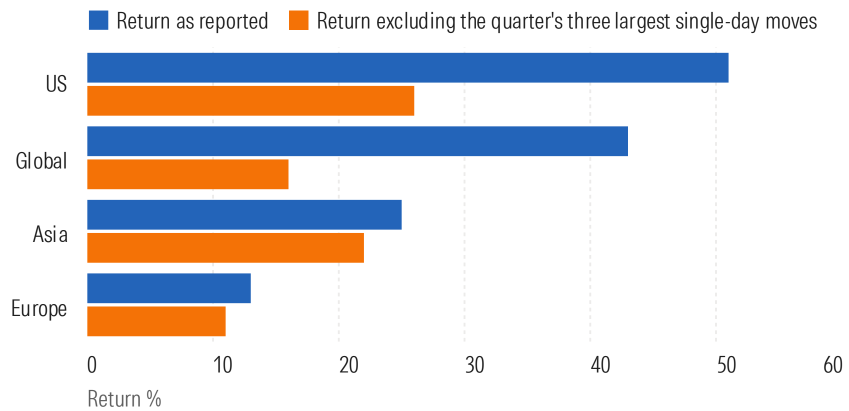
SpaceX and Cerebras were the largest contributors. Following its public listing, SpaceX's index market capitalization increased to $2.28 trillion from $1.38 trillion, making it the single biggest driver of quarterly performance. Cerebras also contributed meaningfully as its valuation adjusted to public market pricing. As a result, companies transitioning from private to public ownership overwhelmingly drove index returns during the quarter.

The impact was also concentrated geographically. US unicorns benefited disproportionately from listing-related repricings, while Europe and Asia saw few comparable events. As a result, regional performance differences were driven less by underlying operating fundamentals and more by the timing and magnitude of liquidity events.

The concentration of returns was also evident among the market's largest private companies. The Morningstar PitchBook Unicorn 20 Index, which tracks 20 of the largest and most liquid unicorns, returned 26.7% in the second quarter and 41.9% year to date, significantly outperforming broader public equity markets.

The quarter underscores an important characteristic of the unicorn market: A small number of large companies can have an outsize impact on overall market performance, particularly as leading private companies transition into public markets.

Exhibit 1 Morningstar PitchBook Regional Unicorn Index Returns (%)



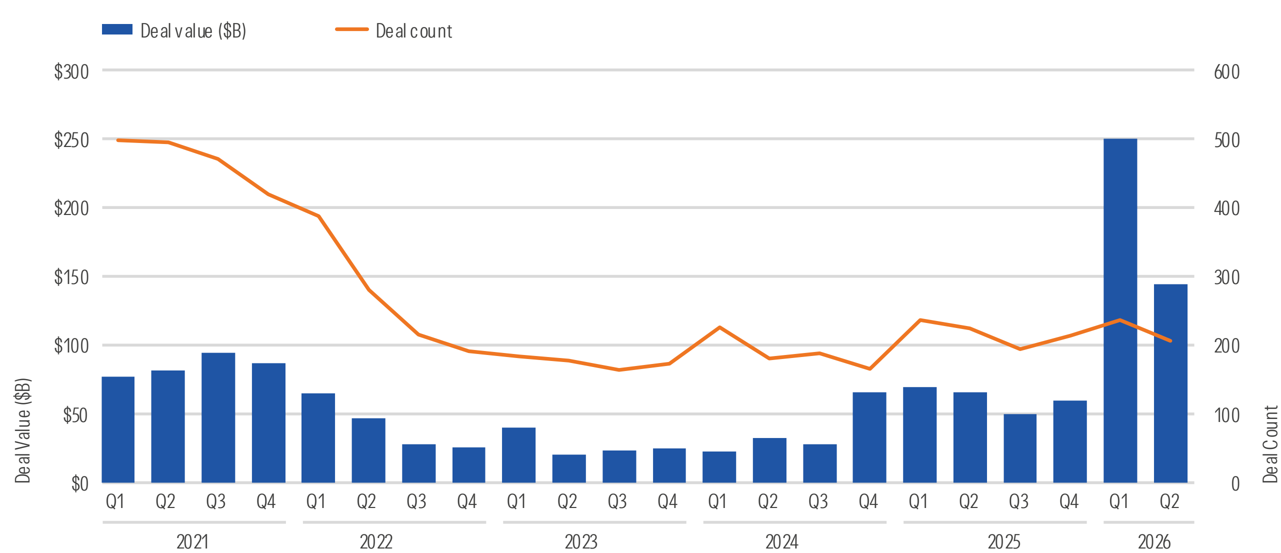
Source: Morningstar and PitchBook. Data as of June 30, 2026.

A Small Number of Financings Drove Market Activity

Late-stage fundraising activity remained highly concentrated among a handful of large companies during the second quarter. The five largest financings totaled $87.1 billion, representing 60.1% of total quarterly deal value. Anthropic accounted for much of this activity, raising $65 billion at a $965 billion post-money valuation. The round was more than 5 times larger than the next-largest financing and represented 16.4% of all unicorn financings completed during the first half of 2026.

The remaining top financings included Prometheus ($12 billion raised at a $41 billion post-money valuation), Anduril ($5 billion at $61 billion), ByteDance ($3 billion at $370 billion), and Isomorphic Labs ($2.1 billion). Four of the five largest rounds were completed by AI-related companies, underscoring the sector's continued dominance in private market capital formation.

Exhibit 2 Global Unicorn Deal Value (USD Billion) and Deal Count, by Year

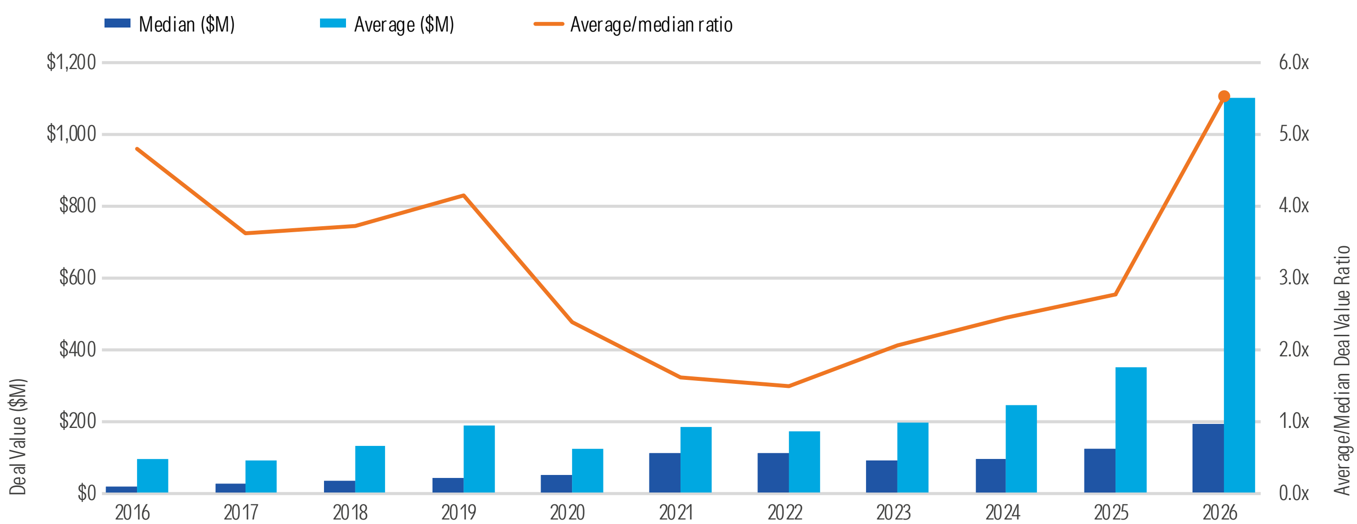


Source: Morningstar and PitchBook. Data as of June 30, 2026.

Beyond the largest financings, deal sizes declined sharply. The sixth-largest financing was below $2 billion, and financing sizes fell below $1 billion shortly thereafter. As a result, the 10 largest rounds accounted for approximately two-thirds of total quarterly deal value. Total financing activity moderated to $144.9 billion in the second quarter of 2026 from the record $251.3 billion raised in the first quarter, while concentration among the largest financings increased.

The divergence between large and small financings is also evident in valuation statistics. Among unicorns that raised capital during the first half of 2026, the median post-money valuation was $2.0 billion compared with an average valuation of $18.2 billion. The resulting 9.1-to-1 ratio compares with 3.1-to-1 a year earlier. This widening gap largely reflects the impact of a small number of very large financings on the overall average. Financing sizes showed a similar pattern, with a median round size of $200 million versus an average of $1.14 billion, the widest separation observed in more than a decade of available data.

Exhibit 3 Median and Average Unicorn Deal Size (USD Million), by Year

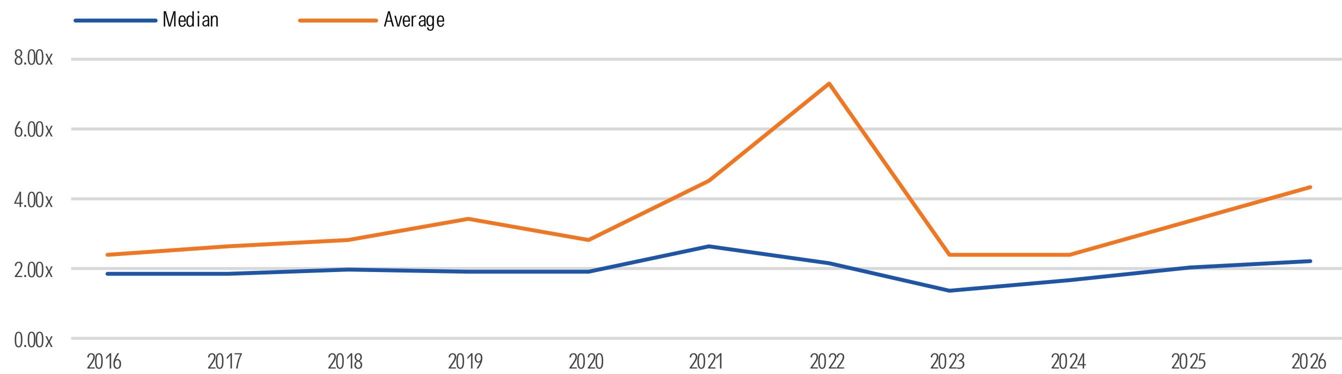


Source: Morningstar and PitchBook. Data as of June 30, 2026.

Aggregate unicorn valuations increased during the first half of 2026, driven primarily by upward repricing among a relatively small group of companies, while valuations across much of the market remained largely unchanged.

Among unicorns that raised capital, financing terms remained strong. The median valuation step-up reached 2.20 times in the first half of 2026, up from 2.05 times in 2025 and second only to the peak levels observed in 2021. At the same time, the median time between financings declined to 0.98 years, indicating a faster pace of capital raising among active issuers. Down rounds remained relatively rare, with only six recorded during the first half of 2026 compared with 31 during all of 2025.

Exhibit 4 Median and Average Unicorn Valuation Step-Up, by Year



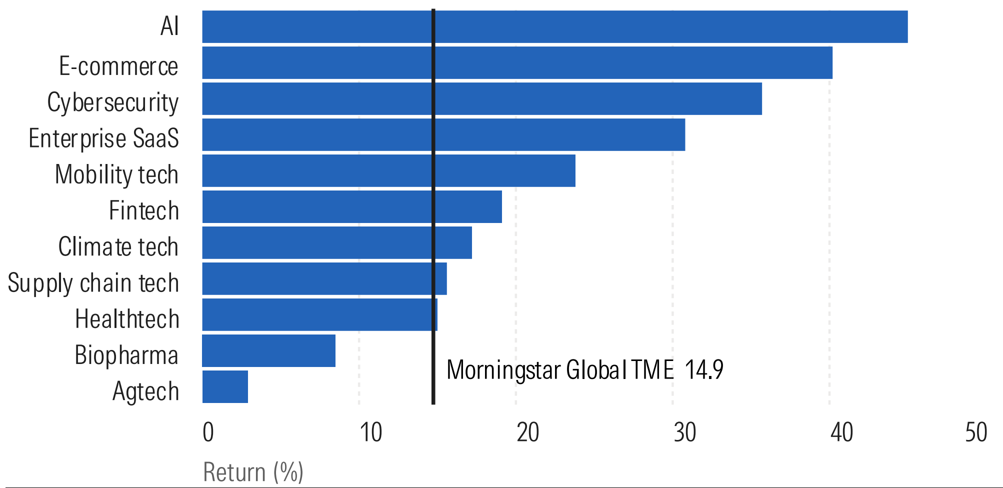
Source: Morningstar and PitchBook. Data as of June 30, 2026. A valuation step-up measures the increase in a startup's valuation between consecutive funding rounds.

The largest valuation increases were generally observed among smaller companies. Hark was valued at 151 times its prior financing valuation, while Blitzy and SendCutSend each achieved valuation increases of approximately 30 times. Despite these substantial percentage gains, each company remained valued below $7 billion. In contrast, many of the largest unicorns generated significant increases in absolute market value through more moderate valuation multiples. These results highlight the differing valuation dynamics across the unicorn market, where smaller companies can experience substantial percentage repricing while larger companies contribute most of the aggregate value creation.

AI and E-Commerce Outperform in the Second Quarter

Performance varied considerably across the 11 industry verticals in the second quarter. The spread between the best- and worst-performing verticals was 42 percentage points, with AI recording the strongest return and agricultural technology the weakest. The median vertical returned 19.1% during the quarter.

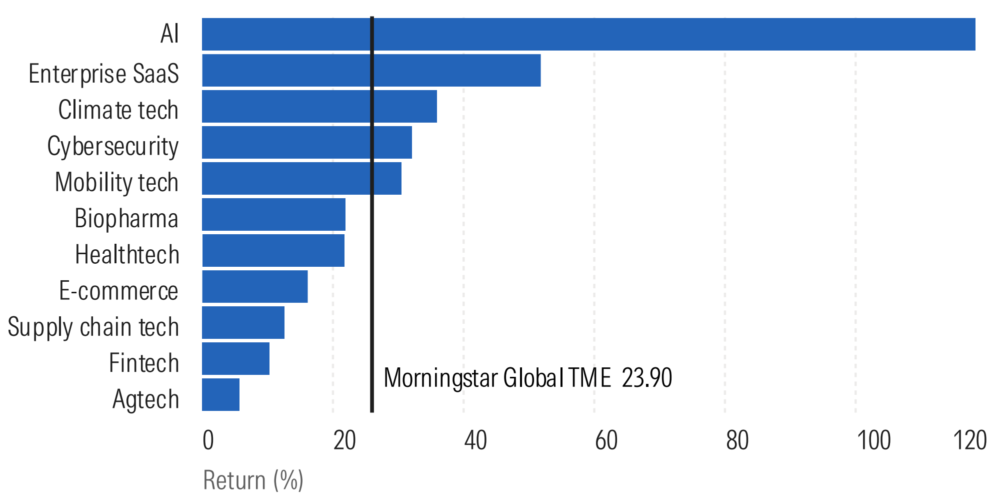
Exhibit 5 Q2 Index Performance: Morningstar PitchBook Global Vertical Unicorn Indexes Versus the Morningstar Global TME Index



Source: Morningstar and PitchBook. Data as of June 30, 2026.

The dispersion was even wider over the trailing 12 months, reaching 113 percentage points. Only five of the 11 verticals outperformed the global public equity benchmark over this period. AI, enterprise software as a service, and climate tech were among the strongest-performing segments, while most other unicorn-market verticals lagged the benchmark.

Exhibit 6 Trailing 12-Month Performance: Morningstar PitchBook Global Vertical Unicorn Indexes Versus the Morningstar Global TME Index



Source: Morningstar and PitchBook. Data as of June 30, 2026.

AI Drives Growth and Market Concentration

Artificial intelligence continues to drive growth across the unicorn market and has become its largest concentration of value. The aggregate value of AI unicorns increased to $5.08 trillion in mid-2026 from $3.49 trillion at the end of 2025, adding $1.59 trillion in the first half of the year. AI companies accounted for four of the five largest financings and approximately three-fifths of new unicorn formation during the period.

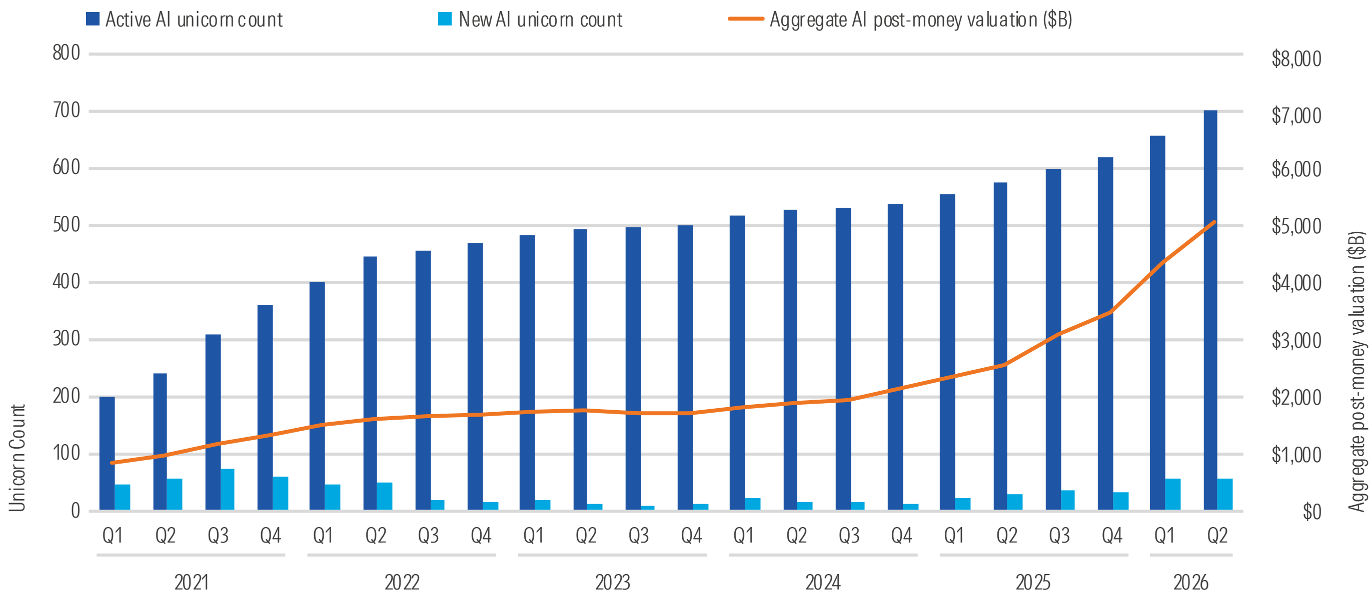
AI's growing influence is evident across the broader unicorn universe. Of the 1,743 unicorn companies, 702 are AI-focused, representing 40.3% of companies but 61.7% of the universe's total market value. AI companies also accounted for 109 of the 178 businesses that achieved unicorn status in the first half of 2026.

Fundraising was similarly concentrated. AI startups raised more than $407 billion in venture capital during the first six months of 2026, exceeding the $264 billion raised during all of 2025. OpenAI and Anthropic accounted for approximately $217 billion, or more than half of total AI capital raised.

Investment remained focused on foundational AI platforms. Vertical application companies represented 62.9% of AI deal activity but attracted only 12.9% of invested capital. By comparison, horizontal platforms, including frontier model developers, accounted for 70.8% of deal value, underscoring investor focus on underlying AI infrastructure.

AI now represents 61.7% of the value of the global unicorn universe. As a result, developments among a relatively small number of large AI companies are increasingly shaping aggregate market valuations and index performance, making AI a defining feature of the late-stage venture market.

Exhibit 7 Quarterly Global AI Unicorn Count and Aggregate Post-Money Valuation (USD Billion)

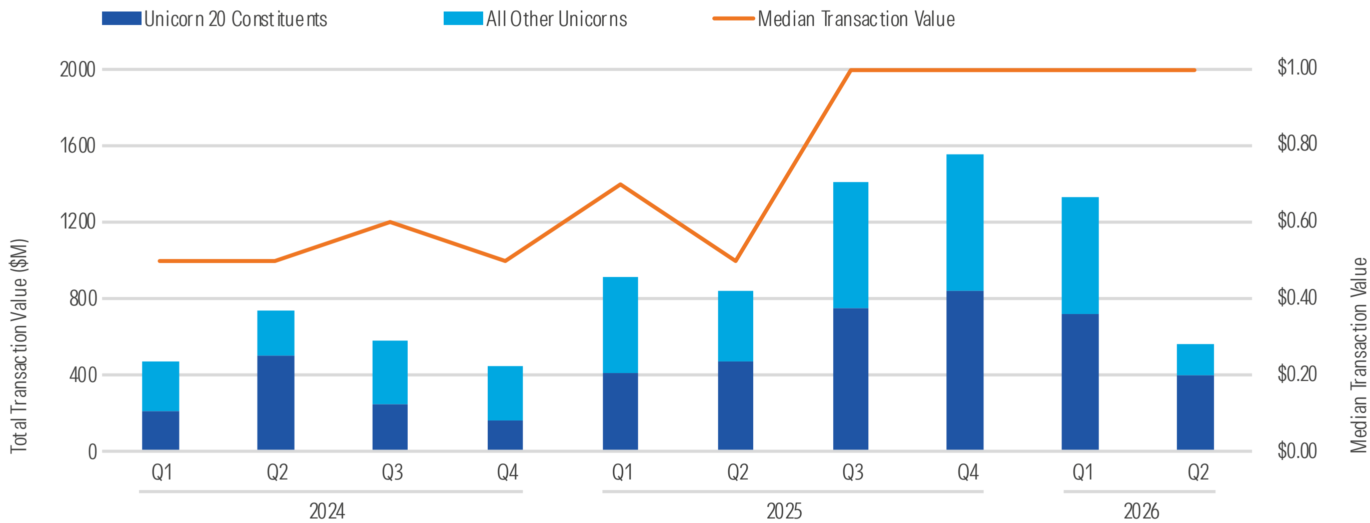


Source: Morningstar and PitchBook. Data as of June 30, 2026.

A Real Market, but a Narrow One

Secondary-market activity has reached $8.9 billion since 2024, but trading remains concentrated among a relatively small number of unicorns. Volume more than doubled in 2025 before leveling off, with second-quarter volume, adjusted for reporting lag, down 3.4%. The composition of activity has shifted as much as the overall volume. Buyers are committing larger amounts to fewer transactions, while constituents of the Morningstar PitchBook Unicorn 20 Index now account for $7 of every $10 traded, up from fewer than $5 in early 2024.

Exhibit 8 Secondary Trading Volume by Quarter (USD Million)

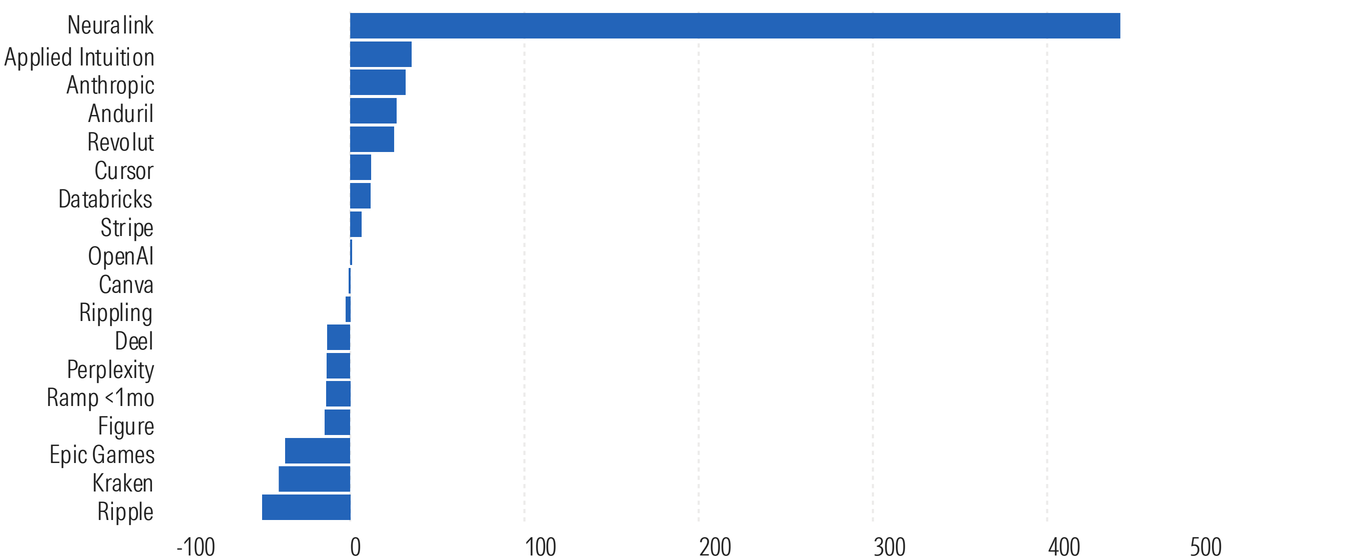


Source: Caplight, Morningstar, and PitchBook. Data as of June 30, 2026. Q2 represents a partial quarter because of reporting lags.

The composition of secondary trading also shifted in the second quarter. AI companies accounted for 53.1% of volume, down from 82.5% in the fourth quarter of 2025. Defense, space, and crypto-related companies accounted for a larger share, with SpaceX, Anduril, Shield AI, Stripe, Polymarket, and Ripple together representing 62.0% of quarterly volume.

For the 18 Morningstar PitchBook Unicorn 20 constituents that remained private at quarter-end, secondary prices were broadly aligned with the most recent primary financing valuations at the median but differed materially at the individual company level. Median secondary prices were within 0.1% of the last primary round, with nine companies trading above and nine below their most recent financing valuation. The range extended from Neuralink at the high end to Ripple at the low end, a 490-percentage-point spread.

Exhibit 9 Secondary-Market Premium/Discount to Latest Funding Round (%)



Source: Caplight, Morningstar, and PitchBook. Data as of June 30, 2026.

The relationship between the age of a company's most recent financing and its secondary-market price was mixed. Excluding Neuralink, the correlation between mark age and the secondary-market premium was negative 0.34. Companies with marks less than six months old had a median difference of 12 percentage points from their latest financing valuation, compared with 30 percentage points for companies with older marks. The difference suggests that more recent financing valuations tend to be closer to observable secondary-market prices, although individual companies can differ substantially.

Ramp illustrates the point. Its valuation increased to $44.0 billion on June 4, making it one of the most recent large financing marks in the index. Within a month, its secondary-market price was 13.8% lower. A primary financing reflects the price agreed upon by participants in a specific transaction, while secondary-market prices reflect subsequent transactions between buyers and sellers.

The transition of several large private companies into public markets during the quarter also provided a useful comparison between private and public pricing. Cerebras and SpaceX both began trading at prices approximately 30% above their final private market valuations. Other companies showed the opposite pattern. Ripple's secondary valuation was $19.8 billion, approximately half its most recent financing valuation and below its March tender offer, while Kraken traded 41% below its latest financing valuation.

Cursor highlights another limitation of secondary-market pricing. SpaceX agreed to acquire the company for $60 billion in stock on June 16, while its secondary-market mark remained unchanged. The valuation declined to $32.8 billion at quarter-end from $36.3 billion on June 16, despite no reported trades since April. Where transactions are infrequent, secondary-market marks can remain unchanged even as new information emerges.

The market's concentration also warrants continued observation. SpaceX accounted for 13.1% of all secondary-market volume since 2024 and is now public, while Cerebras has also exited the private market and Cursor is subject to an acquisition agreement. Anthropic and OpenAI have filed for potential public listings. The five largest companies account for roughly one-third of cumulative secondary-market volume, making the depth and breadth of activity among the next tier of companies an important indicator of how the market develops.

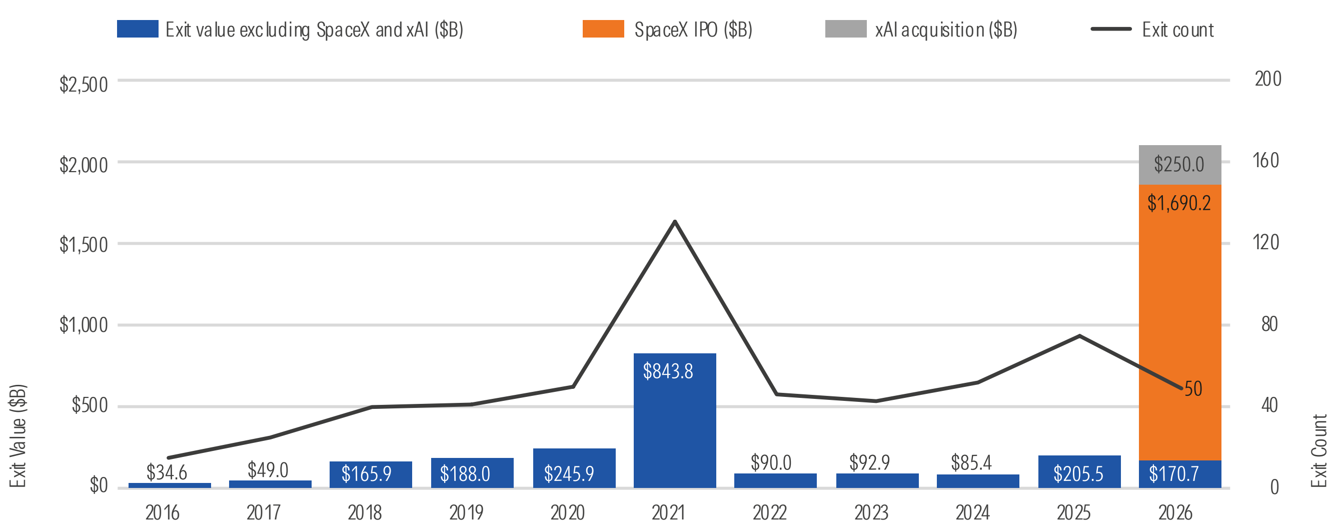
SpaceX Dominates Exits, but Midmarket Activity Is Growing

Unicorns generated $1.78 trillion in exit value in the second quarter, with SpaceX accounting for 94.9% of the total. The next five largest exits together represented just 4% of quarterly exit value, underscoring the concentration of activity among the largest companies.

Excluding SpaceX, unicorns generated $90.4 billion across 20 exits in the second quarter, the strongest quarterly total since the fourth quarter of 2021. First-half exit value, excluding SpaceX and its xAI acquisition, annualizes to approximately 1.7 times full-year 2025 levels. The data points to a meaningful increase in midmarket exit activity, even as the largest transactions continue to dominate aggregate market figures.

The largest exits also highlight the lengthening path from private formation to public markets. SpaceX took 24 years from founding to its listing, while Cerebras took 10 years. The trend reflects the growing amount of value being created and realized while companies remain private before entering the public markets.

Exhibit 10 Global Unicorn Exit Activity (USD Billion), by Year

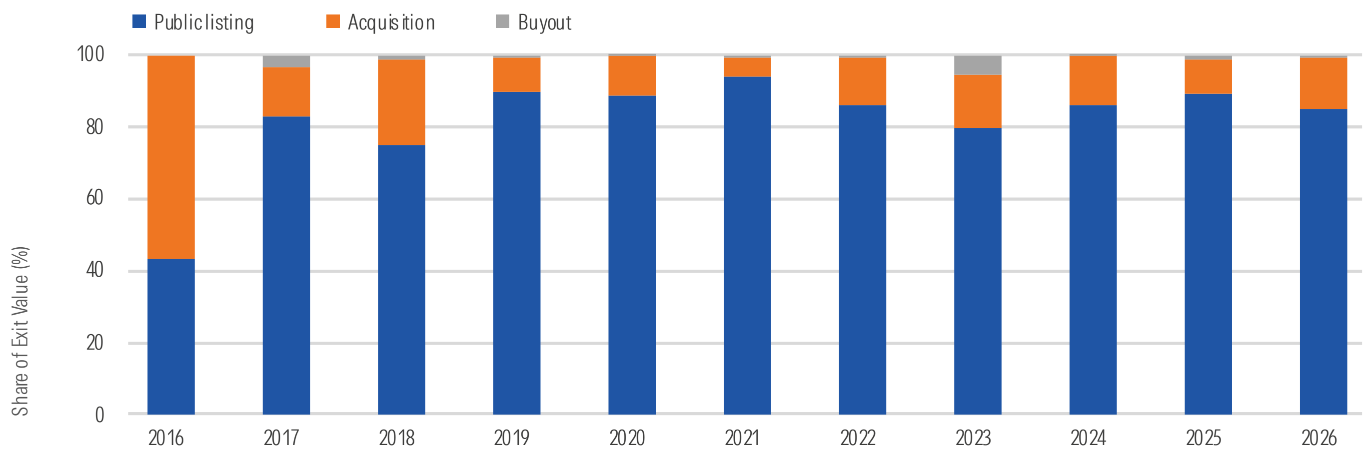


Source: Morningstar and PitchBook. Data as of June 30, 2026.

The Channel That Quietly Reopened

Acquisitions have become a more significant exit channel for unicorns, particularly across data, security, and AI infrastructure. Strategic buyers acquired $300.5 billion of unicorn value in the first half of 2026, or $50.5 billion excluding the xAI acquisition, compared with $18.9 billion during all of 2025. The increase was driven by larger transactions: Strategic acquisitions totaled 16 deals in the first half of 2026, compared with 25 in 2025, while the average transaction value increased substantially.

Exhibit 11 Share of Unicorn Exit Value (USD %), by Type

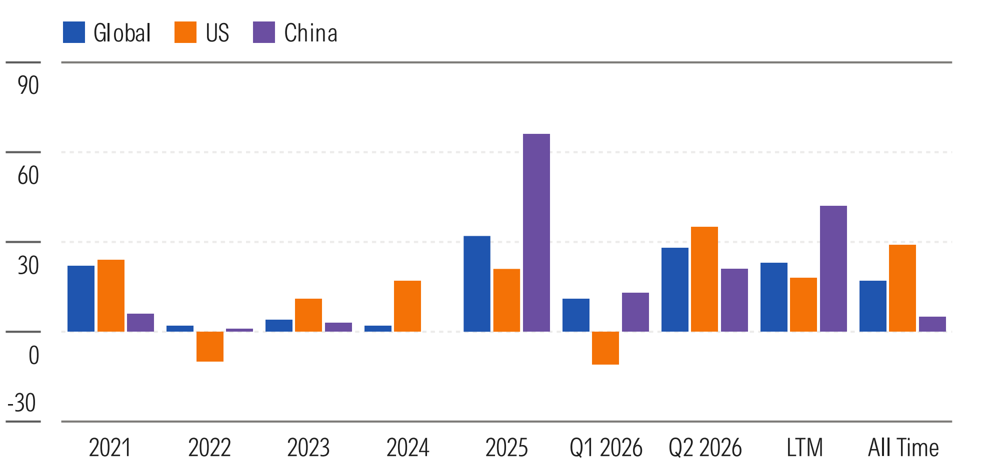


Source: Morningstar and PitchBook. Data as of June 30, 2026. Data excludes the xAI acquisition.

IPO Pricing Shows a Wider Gap

The gap between IPO offering prices and first-day closing prices widened in 2025 and the first half of 2026. The median first-day gain reached 32.2% in 2025 and 16.3% in the first half of 2026, following three years in which the median remained below 5%.

Exhibit 12 Median Gain/Loss from IPO Price to First Close for Unicorn Listings, by Region (%)



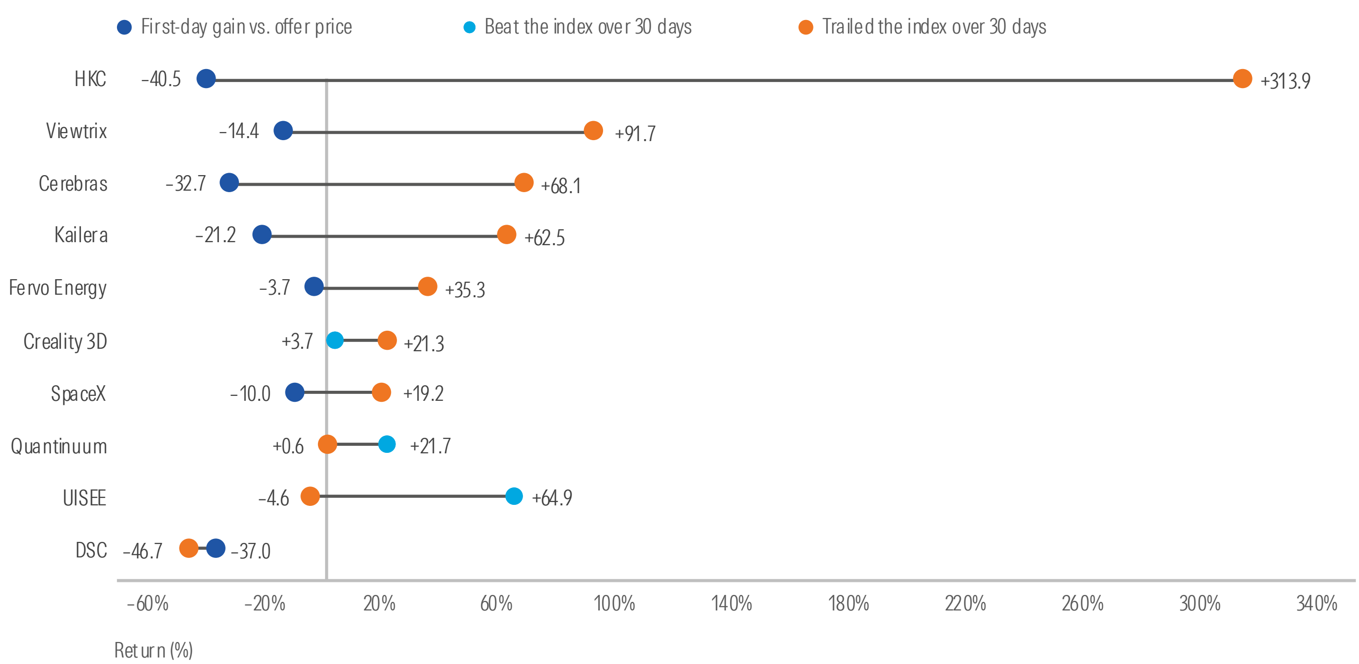
Source: Morningstar and PitchBook. Data as of June 30, 2026.

The gains were concentrated among a small number of large offerings. Cerebras priced at $185 and closed its first trading day at $311.07, while SpaceX recorded a 19.2% first-day gain on an $86 billion offering.

Subsequent performance was less closely related to the initial first-day gain. the second quarter's eight listings showed a rank correlation of negative 0.86 between first-day gains and 30-day excess returns relative to the Morningstar Global Markets Index. Across the broader sample of 277 listings with both measures, the correlation was effectively zero (0.005). Sorting the listings into quartiles based on first-day gains also showed no consistent relationship with performance 180 days later.

The data illustrates the distinction between the initial pricing of an IPO and subsequent market performance. While first-day gains can vary substantially, they provide limited information about longer-term relative performance across the broader sample.

Exhibit 13 First-Day Gain/Loss and 30-Day Excess Return Versus the Morningstar Global Markets Index (%)



Source: Morningstar and PitchBook. Data as of June 30, 2026.

About Morningstar Indexes

Morningstar Indexes was built to keep up with the evolving needs of investors—and to be a leading-edge advocate for them. Our rich heritage as a transparent, investor-focused leader in data and research uniquely equips us to support individuals, institutions, wealth managers, and advisors in navigating investment opportunities across major asset classes, styles, and strategies. In February 2026, the acquisition of CRSP brought the CRSP Market Indexes—benchmarks for over $3 trillion in AUM—into the Morningstar Indexes family. Rebranded to the Morningstar Market Indexes in July 2026, these indexes are recognized globally for their high-quality methodology and focus on investability. Additionally, CRSP's Research Data Products, renowned for their academic rigor, historical depth, and accuracy, will further enhance Morningstar's equity research and data capabilities. This integration unites two trusted sources of market insight, reinforcing a shared commitment to transparency, quality, and investor-focused solutions.

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