DISCLAIMER: This report is for educational purposes only and does not constitute financial advice. It is not a recommendation to buy or sell any securities, currency or commodity. All investments involve risk, including the loss of principal. Past performance is not indicative of future results.

THE PREHN INSTITUTE | RESEARCH

Published June 9, 2026

The $350 Billion Unwind: SpaceX, Big Tech Dilution & The Index Fund Trap

Three simultaneous IPOs, the largest tech equity offering in history, and a hidden index rebalancing mechanic are converging on the same stocks that carry your portfolio. A structural analysis of what's coming —

FELIX PREHN

Economist and former investment banker
The Prehn Institute

REPORT SCOPE

Plain-English explanation of the video.

RATING

None

PRICE TARGET

None

BOTTOM LINE:

performance is not indicative of future results. Always consult a licensed financial advisor before making investment decisions.

About Felix Nikolas Prehn and The Prehn Institute

Felix Nikolas Prehn

Felix Nikolas Prehn is an economist and former investment banker. He writes and lectures on how the financial markets work, with a focus on how ordinary savers can protect what they have built.

The Prehn Institute

Felix Nikolas Prehn is the founder of The Prehn Institute. It publishes research on the financial markets and provides instruction in how they work. It gives no financial advice.

It takes no sponsorships and no endorsements, ever. So its work answers to its readers and to nobody else.

Our work online

youtube.com/@felixprehn

prehninstitute.com

© 2026 The Prehn Institute. Published by Skillset Solutions FZ-LLC.

Contents

Overview 4

The $350 Billion Capital Drain 5

Even the Biggest Bull Is Scared 7

The 2021 Playbook — This Has Happened Before 8

The Hidden Machine Selling Your Stocks 9

The 3-Step Framework — What To Do Now 10

The Big Picture 12

© 2026 The Prehn Institute. Published by Skillset Solutions FZ-LLC.

GOAT ACADEMY RESEARCH

Overview

performance is not indicative of future results. Always consult a licensed financial advisor before making investment decisions.

© 2026 The Prehn Institute. Published by Skillset Solutions FZ-LLC.

The $350 Billion Capital Drain

Two forces are about to hit the stock market at the same time — and both are aimed at the exact same stocks.

Force #1: The Triple IPO Collision

Three of the largest private companies on Earth are racing to go public nearly simultaneously, creating an un- precedented capital demand:

Exhibit 1: The Triple IPO — Capital Requirements & Valuations

COMPANY

RAISE AMOUNT

TARGET VALUATION

KEY DETAIL

SpaceX $75B $1.75T

Largest IPO in stock market history; ~2.5× Saudi Aramco ($29B in 2019)

OpenAI $60B $1.0T S-1 filed confidentially; currently losing $14B per year

Anthropic $60B ~$965B S-1 filed; Claude AI competes directly with ChatGPT

TOTAL

~$200B

Fresh capital that must come from investors in a matter of months

Sources: Reuters, AIToolsRecap, Fortune, Forbes — See Sources section for full citations

To put SpaceX's $75 billion raise in perspective: the previous record-holder, Saudi Aramco's 2019 IPO, raised ap- proximately $29 billion. SpaceX is doing nearly three times that.

THE SHOPPING MALL ANALOGY Imagine three brand-new mega-malls all opening on the same street, in the same month. Every existing shop in town is going to lose customers — because shoppers (investors) only have so much money to spend. That is what is happening to existing stock holdings.

Force #2: Big Tech Is Printing New Shares

While $200 billion is being drawn out for IPOs, the companies investors already own are simultaneously asking for more money through unprecedented equity issuances:

Alphabet (Google)largest tech stock offering ever Alphabet (Google) — Announced $85 billion in new shares, the largest tech stock offering ever

Meta — Reportedly exploring "tens of billions" in stock sales; stock dropped 5–9% on the rumor alone

Microsoft — Spending $190B on AI in 2026

Amazon — Spending $200B on AI in 2026 ready own.

Why Not Borrow? The debt market is choking on tech paper. In the first five months of 2026, AI-related companies have issued $110 billion in bonds — representing 15% of all investment-grade bonds issued this year. Borrowing costs have risen. Spreads have widened. The debt channel can no longer absorb this volume — so companies are turning to equity markets instead.

The Total Damage

Exhibit 2: Total Capital Drain — 2026 Estimate

Triple IPO

Share Offerings

TOTAL

Source: Author analysis based on IPO filings, SEC filings, and reported equity offering sizes

Every dollar of the $350 billion must come from somewhere. Fund managers sell the stocks that are easiest to

sell — the most liquid, most widely held names: Nvidia, Microsoft, Apple, Google. These are the exact stocks cur- rently carrying investor portfolios.

S E C T I O N 0 3

YOUR "SAFE" INDEX FUND IS A TRAP

The S&P 500 is supposed to be 500 stocks. But right now, the top 10 make up over 40% of the entire index — more concentrated than at the peak of the dot-com bubble.

The Concentration Problem

Exhibit 3: S&P 500 Concentration — Historical Comparison

METRIC 2000 (DOT-COM PEAK) 2026 (CURRENT) DIFFERENCE

Top 10 Weight in S&P 500 ~29% 40%+ +11 percentage points

Top 3 (NVDA, AAPL, MSFT) — ~18.7% Nearly 1 in 5 dollars

Magnificent 7 Weight — ~35% Over ⅓ of the index

S&P 500 P/E Ratio ~28× ~30× Above dot-com levels

Sources: PionLine, Commonfund, SlickCharts, Motley Fool

The Magnificent Seven — Apple, Nvidia, Microsoft, Amazon, Google, Meta, and Tesla — make up roughly 35% of the index. When someone says "I'm diversified, I own the S&P 500," they are effectively saying: "35% of my money is in seven tech stocks, and I didn't even choose them."

The Two-Sided Attack

$200B

$150B+

$350B+ Minimum

Large funds sell these stocks to free up cash for $200B in IPOs. When SpaceX goes public, hedge funds don't buy with money under a mat- tress — they sell Microsoft, Nvidia, and Apple.

The companies themselves are printing new shares. Alphabet is selling $85B in new stock. Meta may follow. Every new share dilutes the ones investors already own.

Selling pressure from the outside. Dilution from the inside. Both hitting the same stocks at the same time. This is not a normal pullback — it is a structural event.

© 2026 The Prehn Institute. Published by Skillset Solutions FZ-LLC.

Even the Biggest Bull Is Scared

The warning signals are not coming from perennial pessimists. They are coming from two of the most respected — and divergent — voices in investing.

The Value Investor: Mohnish Pabrai

Mohnish Pabrai is one of the greatest living investors — a close personal friend of the legendary Charlie Munger (Warren Buffett's partner for 60 years). Pabrai famously turned $1 million into $30 million investing in Turkey while the Turkish lira was collapsing 90%.

> "The all-important margin of safety is missing."

✓ Mohnish Pabrai, on the S&P 500 (October 2025)

Pabrai points out that the S&P 500 is trading at a P/E of 30 — the long-term average is 16. Stocks are nearly

twice as expensive as normal , and above where they were at the peak of the dot-com era. His personal fund is trading at a P/E of just 11, concentrated in coal and energy companies. He has zero exposure to mega-cap tech.

Meanwhile, Warren Buffett — through Berkshire Hathaway — has sold his S&P 500 index fund holdings entirely, while simultaneously deploying $10 billion into Alphabet at depressed prices. Buffett didn't invest because he loves chatbots — he saw the dilution coming and positioned himself to buy when others were selling.

The Perma-Bull: Tom Lee

Tom Lee , head of research at Fundstrat Global Advisors, is the most consistently bullish voice on Wall Street. He correctly called the 2023 rally, the 2024 rally, and the 2025 recovery when consensus was bearish.

TOM LEE'S WARNING The perma-bull is now warning of a 15–20% correction in 2026.

His three reasons:

New Federal Reserve leadership creating uncertainty around interest rate policy

AI valuations are getting repriced — the market is realizing these stocks may not be worth current prices

Policy fragmentation and trade wars creating headwinds that slow corporate earnings

Lee projects 2026 will follow a pattern of "joy, depression, and rally" — a painful drop in the middle of the year, fol- lowed by a year-end recovery.

CRITICAL INSIGHT Even if Lee is correct that markets recover by December, a 15–20% mid-year drop wipes out everyone

who panics . Those who sell during the drawdown lock in permanent losses and miss the recovery. Conversely, those with a plan see a 20% drop as the buying opportunity of a decade.

Mohnish Pabrai Value Zero mega-cap tech; P/E 11 portfolio Coal, energy, materials

Warren Buffett Value Sold S&P 500 index holdings $10B into Google at dip

Tom Lee Growth / Bull Warning of 15–20% correction Top picks: energy, basic materials

© 2026 The Prehn Institute. Published by Skillset Solutions FZ-LLC.

The 2021 Playbook — This Has Happened Before

The pattern is always the same: hype → IPO flood → liquidity drain → crash. We are seeing the exact same pattern now — but at 10× the scale.

The 2021 IPO Boom — And What Followed

In 2021, the market was euphoric. Money was cheap. Massive IPOs flooded the market — Rivian, Coinbase, Robinhood — all at what turned out to be absurd valuations. Then the Federal Reserve tightened. Liquidity vanished.

Exhibit 5: Post-IPO Crash — 2021 Cohort Peak-to-Trough Declines

Robinhood (HOOD)

Rivian (RIVN)

Coinbase (COIN)

IPO Market (2022)

-85%

-85%

-75%+

-94% total proceeds vs. 2021

Source: Author analysis based on public market data

In 2022, total IPO proceeds collapsed by 94% compared to 2021. The market effectively shut down. The current cycle is repeating this pattern — but SpaceX alone is raising more than the top five IPOs of 2021 combined.

The AI Spending Trap

Big Tech is collectively spending over $725 billion on AI infrastructure in 2026. The Federal Reserve has flagged AI infrastructure spending as a top systemic financial risk.

Exhibit 6: 2026 AI Capital Expenditure by Major Tech Company

COMPANY 2026 AI CAPEX FUNDING SOURCE RISK

Amazon $200B Potential equity issuance

Microsoft $190B Potential equity issuance

Alphabet (Google) $190B Already issuing $85B in shares

Meta	$145B	Reportedly exploring stock sale
TOTAL	$725B	95% of enterprise AI projects show no measurable ROI

Google's breakthrough "TurboQuant" technology reduces the memory needed to run AI by 6×. If compa- nies need dramatically less hardware to achieve the same results, the demand story propping up hardware stocks — and the justification for $725B in spending — begins to crack. The companies spending the most will fall the hardest when the market recognizes this.

© 2026 The Prehn Institute. Published by Skillset Solutions FZ-LLC.

The Hidden Machine Selling Your Stocks

There is a third force working against your portfolio — completely automatic, with no notifi- cation and no vote. It is called index rebalancing.

The Mechanical Sell-Off

The Nasdaq adopted a "fast-entry rule": when a company goes public and ranks in the top 40 by market cap, it can be added to the Nasdaq-100 within just 15 trading days. SpaceX, at $1.75 trillion, absolutely qualifies.

SpaceX IPO

→

Fast-Entry to Nasdaq-100

→

Index Funds Must Buy SpaceX

→

Forced Selling of YOUR Stocks

Within two weeks of SpaceX going public, every Nasdaq-100 index fund in the world will be forced to buy SpaceX shares — estimated at $15–30 billion in mechanical buying. These funds do not have cash reserves. To buy SpaceX, they must sell existing holdings — pro-rata, across the board — including Microsoft, Nvidia, and Apple.

When OpenAI goes public months later? Same mechanism. When Anthropic follows? Again. Three rounds of

forced selling , all targeting the exact same stocks.

VANGUARD EXPOSURE The S&P 500 blocked SpaceX from fast entry (requires 4 quarters of profitability). However, the Russell in-

dexCRSP index dex and the CRSP index — which Vanguard Total Stock Market funds track — did fast-track it. If you own a Vanguard target-date retirement fund (the kind millions of Americans hold in their 401k), you are exposed to this mechanic right now.

Three Forces, One Direction

IPO LIQUIDATION

Funds sell your stocks to free up $200B cash for new IPOs CORPORATE DILUTION Companies print new shares, making your existing shares worth less INDEX REBALANCING Your index fund mechanically sells winners to make room for new entrants

BOTTOM LINE Three forces. All pushing in the same direction. All hitting the same stocks. This is not a normal correction

- ✓ it is a structural rebalancing event.

$1.75T valuation

© 2026 The Prehn Institute. Published by Skillset Solutions FZ-LLC.

The 3-Step Framework — What To Do Now

The people who get wealthy in markets like this are not the people who panic. They are the people who have a plan before the storm hits.

Audit Your Concentration Pull up your 401k or brokerage account and answer: how concentrated am I?

Quick estimate: Take the total amount in index funds. Multiply by 0.40. That is roughly how much sits in just 10 stocks. For a $100,000 S&P 500 position, approximately $40,000 is in 10 companies

- ✓ $35,000 in just seven.

Gut check: If a 20% drop in your index fund would cause you to panic sell, you are too concen- trated. Full stop.

Understand Where the Money Is Going When big money leaves tech stocks, it does not disappear — it rotates. The smart money is telling you exactly where:

Pabrai: Coal and energy companies

Tom Lee: Energy and basic materials

Buffett: Bought $10B of Google at the dip; positioned for dilution-driven dislocations

Institutional investors call this the "HALO shift" — High-Asset, Low-Obsolescence. Businesses that own real, physical assets: utilities, pipelines, defense contractors, energy companies. They pay dividends, generate real cash flow, and don't need $85 billion in share offerings to fund speculative AI bets.

Build Your Watchlist Before the Dip

Do NOT panic sell. That is how regular people destroy their retirement.

Do NOT try to time the exact bottom. Nobody can. Not even Buffett.

What you DO: Make a list of 10–15 high-quality companies you would love to own at the right price. Write down the price you would pay for each one. Then wait.

"Have your list. Know your prices. When blood is in the streets, you buy the

list."

- ✓ The entire strategy of the greatest investors who ever lived, in one sentence.



the opportunity appeared, he acted.

💡

First & Only LIVE Training on

"The Index Fund Trap: Why the S&P 500 Is Lying to You"

Learn how to audit your portfolio, identify rotation plays, and build the buy list that turns a crash into an opportunity.

© 2026 The Prehn Institute. Published by Skillset Solutions FZ-LLC.

The Big Picture

Every great bull market has a shakeout. Every single one. The 1990s had one. The 2010s had one. This one will too.

The AI revolution is real. This report is not an argument that AI is a fraud. It is an argument that the stocks pricing

it in are ahead of themselves — and the companies behind them are printing shares to pay for bets that may not produce returns for years.

The people who build wealth from this environment are not the ones who bought the hype at the top. They are the ones who bought the hangover.

The Final Word

This is not 2008. The economy is not collapsing. This is a $350 billion game of musical chairs — and you have just been told the music is about to stop.

Have your list. Know your prices. Buy the hangover.

S O U R C E S & D I S C L O S U R E S

Selected Sources

OpenAI IPO: AIToolsRecap; Forbes

Anthropic IPO: Reuters (June 1, 2026); Fortune (June 2, 2026)

Alphabet $85B Offering: SEC Filing; CNBC (June 1, 2026); Yahoo Finance

Meta Equity Exploration: Reuters (June 5, 2026); CryptoBriefing

AI Capex Totals: Tom's Hardware; Yahoo Finance

Debt Market Stress: Reuters; MarketMinute; CNBC

S&P 500 Concentration: PionLine; Commonfund; SlickCharts; Motley Fool

Mohnish Pabrai: AcquirersMultiple (Oct 2025); ButterflyMarketInsider; PortfoliosLab

Tom Lee / Fundstrat: Yahoo Finance; Medium; CryptoRank

2021 IPO Crash Data: Public market data; Motley Fool (Biggest IPOs)

Nasdaq Fast-Entry Rule: Nasdaq regulatory filings

AI ROI Data: Fidelity AI Bubble Analysis

Federal Reserve AI Risk Flag: Federal Reserve Financial Stability Report

Important Disclosures: This report is published by The Prehn Institute for informational and educational purposes only. It does not constitute investment advice, a recommendation, or an offer to buy or sell any securities. The author may hold positions in securities discussed in this report. All data is sourced from publicly available information believed to be reliable but not independently verified. Past performance is not indicative of future results. Investing involves risk, including the potential loss of principal. Always consult with a qualified financial advisor before making any investment decisions. The views expressed represent the opinions of the author as of the date of publication and are subject to change without notice.

Mohnish Pabrai sees it. Tom Lee sees it. Buffett sees it. The question is — do you? And what are you going to do about it?

© 2026 The Prehn Institute. Published by Skillset Solutions FZ-LLC.