fundstrat

Evidence-based research.
150 East 52nd St, 3rd Floor New York, NY 10022

Signal from Noise August 8, 2026

THE BULL CASE FOR BUYING COMPANIES WITH MOONSHOT AMBITIONS

Hardika Singh

ECONOMIC STRATEGIST, MARKET INTELLIGENCE

"Our greatest weakness lies in giving up. The most certain way to succeed is always to try just one more time." — Thomas A. Edison

SpaceX Chief Executive Elon Musk has improbable goals. At his company's first quarterly earnings, he said the first orbital data centers could launch as soon as next year. He expects the company to hit $1 trillion in annual revenue by the end of the decade, quicker than the 2031 previously expected.

For Tesla, too, his goals are grandiose. He has been focused on Cybercab, a car that doesn't have steering wheels or pedals, and humanoid robots, with both products expected to be sold to the public by the end of next year. Electric cars are no longer the focus.

When his promises have a history of being broken, it's hard to buy into these wild, futuristic targets.

Yet at the same time, there is a case to be made for why his moonshot ambitions are the very reason why buying shares of SpaceX and Tesla could pay off handsomely, not despite them. An analysis of five companies' S-1 filings show that with moonshot bets, investors don't need all of them to pan out — just one is enough to turn a company into a profit-generating machine. And because of that investors can typically overlook any delays to the projected timeline or any flaws in the business model. The thesis applies to not just SpaceX and Tesla but also OpenAI and Anthropic, which will likely be unprofitable when they go public, and also the onslaught of companies that will likely come to the market as AI adoption increases.

No group understands that principle better than retail investors, which have allowed Musk to gather a cult-like following in recent years. Even though the enthusiasm has tempered some for Tesla, SpaceX $SPCX has not logged a single day of net selling from individual investors, according to Vanda Research data through Aug. 5. In a way, “dumb money” is behaving like “smart money,” such as venture capital investors, who are comfortable with tying up their money for years because of the promise of high growth potential.

Here’s how moonshot ambitions have played out for other top-performers (not ranked):

Google-parent Alphabet $GOOG:

Alphabet’s main business model hasn’t changed since it first went public in 2004. It makes a majority of its revenue through advertising, but its willingness to take risks has allowed it to find new revenue streams — which it hadn’t previously expected.

In its S-1 filing, it said, “In 2004, we expect to spend substantial amounts to purchase or lease data centers and equipment and to upgrade our technology and network infrastructure to handle increased traffic on our web sites and to roll out new products and services.”

That was the secret sauce that let Google outpace search competitors Microsoft and Yahoo and would later power its expansion into the cloud, where instead of saving files or running programs on your own computer's hard drive, you store and access them over the internet. Google Drive is just a part of daily life now for many of us, but back then, it wasn’t a thing. In fact, it wasn’t until 2006 that Amazon Web Services launched the first version of commercial cloud storage and Google Drive didn’t come on the scene till 2012.

Google Cloud primarily generates consumption-based fees and subscriptions for infrastructure, platform, and other services, and its AI-optimized infrastructure runs on its cloud. In 2025, cloud revenue grew to $58.705 billion, representing about 15% of its total revenue, and up 77% from 2023. In 2003, Google generated roughly 95% of its net revenue from advertisers.

The proliferation of AI has driven this revenue diversification, with Google offering Gemini Enterprise and Gemini for Google Workspace. Google also offers a range of AI accelerators, including our custom TPUs and specialized GPUs, as well as AI-optimized storage offerings, and efficient AI Software.

But arguably the most important reason why Google has continued to thrive for decades is because it never hesitated to place major bets on promising new opportunities. And they made that abundantly clear in the S-1 filing. Two quotes stood out to me:

- “We will not shy away from high-risk, high-reward projects because of short term earnings pressure. Some of our past bets have gone extraordinarily well, and others have not. Because we recognize the pursuit of such projects as the key to our long term success, we will continue to seek them out. For example, we would fund projects that have a 10% chance of earning a billion dollars over the long term. Do not be surprised if we place smaller bets in areas that seem very speculative or even strange. As the ratio of reward to risk increases, we will accept projects further outside our normal areas, especially when the initial investment is small.”
- “Most risky projects fizzle, often teaching us something. Others succeed and become attractive businesses.”

Even Google’s early investments in AI started out as moonshots, according to its 2025 annual earnings report. True to its principle from the very start, Google hasn’t turned away from risky projects. Waymo is now providing fully autonomous, paid ride-hailing services to customers in some cities. It also has Isomorphic Labs that’s reimagining the drug discovery process and experimenting with quantum computing.

“Many companies get comfortable doing what they have always done, making only incremental changes,” the annual report said. “This incrementalism leads to irrelevance over time, especially in technology, where change tends to be revolutionary, not evolutionary.”

Shares are up 16,711% since the opening price, compared to 972% for the S&P 500 over the same period.

Meta Platforms (Facebook) $META:

In 2012, Facebook wasn't generating any meaningful revenue from ads on mobile products, and executives knew that if users switched to mobile over personal computers, then it could negatively impact revenue and financial results.

But it devoted its time and resources toward fixing that shortcoming.

From the S-1 filing: "We are devoting substantial resources to developing engaging mobile products and experiences for a wide range of platforms, including smartphones and feature phones. In addition, we are working across the mobile industry with operators, hardware manufacturers, operating system providers, and developers to improve the Facebook experience on mobile devices and make Facebook available to more people around the world. We believe that mobile usage is critical to maintaining user growth and engagement over the long term."

It worked out well because fast forward to 20 years later, a substantial amount of Meta's daily active people access its family products—Facebook, Instagram, Messenger, and/or WhatsApp—on mobile devices. That's important to know because it generates a majority of its revenue from selling advertising placement on its family of apps to marketers. In 2025, it earned $198.759 billion from its family of apps, where 98% of it was from advertising.

Meta's propensity to adapt is a reason to be bullish on its stock despite those funky few years where it wouldn't give up on the Metaverse, which by the way, lives on in some way in its Reality Labs segment. Investments into Reality labs are directed toward "long-term, cutting edge research and development for products that are not on the market today and may only be fully realized in the next decade."

One of the cool products includes Meta Ray-Ban Display, which combines AI glasses with an integrated display built into the lens. It comes with the Meta Neural Band, which is a wrist-worn wearable device that uses electromyography to let people control their AI glasses using neuromuscular signals. Very sci-fi! Meta also offers VR headsets like Meta Quest.

Though Reality Labs represents 18% of Meta’s total costs and expenses only to represent 1.1% of Meta’s annual revenue, it’s still an important segment for the company to focus on because it's part of its long-term initiative to help build the next computing platform.

“We are investing now because we believe this will become the next computing platform and will unlock monetization opportunities for businesses, developers, and creators, including around advertising, hardware, and digital goods,” according to its 2025 annual report.

Shares are up 1,472% since the opening price, compared to 667% for the S&P 500 over the same period.

Amazon.com $AMZN:

Amazon’s the most obvious example of a company that understood the value of moonshot ambitions. When it first went public in 1997, it called itself the “Earth’s Biggest Bookstore” online.

Back then, it was quite revolutionary to have a virtual shopping basket where you could add and subtract books from just like a physical bookstore. Amazon’s S-1 filing made the case for why it was focusing on books: “The worldwide book industry is large, growing and relatively fragmented. According to Euromonitor, U.S. book sales were estimated to be approximately $26 billion in 1996 and are expected to grow to approximately $30 billion in 2000, while worldwide book sales were estimated at approximately $82 billion in 1996 and are expected to grow to approximately $90 billion in 2000.”

Compounded quarterly sales growth exceeded 100% from the first quarter of 1996 through the first quarter of 1997 for Amazon, which it considered to not be a sustainable growth rate. That’s funny to learn about now considering its future expansion into selling everything, Prime, Amazon Web Services, devices, and more.

Like Google Cloud, AWS is being turbocharged by AI. The AWS segment consists of amounts earned from global sales of compute, storage, database, and other services for start-ups, enterprises, government agencies, and academic institutions. Sales there increased 20% in 2025 to $128.725 billion, compared to the prior year, and it represents 18% of total revenue. Profit numbers are much more eye-popping: In 2025, AWS was responsible for 57% for the total operating income.

Like Alphabet and Meta, Amazon has learned the value in investing in initiatives that negatively impact short-term free cash flow, such as AI and machine learning, to support long-term growth. It recently increased its capital expenditures forecast for the year to $220 billion.

It also has other initiatives including the development of a satellite network for global broadband service and autonomous vehicles for ride-hailing services.

Shares are up 366,153% since the opening price, compared to 1,464% for the S&P 500 over the same period.

Netflix $NFLX:

In 2002, it was quite futuristc to get DVDs in the mail. When Netflix went public, it said that, “We have a limited operating history and history of net losses, and we anticipate that we will experience net losses for the foreseeable future.” That’s very akin to the language used in SpaceX’s S-1 filing: “We have a history of net losses and may not achieve profitability in the future.”

No part of Netflix expected streaming, which launched in 2007, five years post-IPO, and the DVD-by-mail service the whole prospectus described was fully shut down in 2023, ending a service that was once Netflix's original moneymaker with more than 16 million subscribers around 2011.

But more than streaming, what has been a boom for Netflix is its expansion into original content, which it obviously didn’t expect in its S-1 filing. In 2013, spending roughly $100 million on House of Cards was a moonshot, but it eventually became a big part of the company.

It has spent over $135 billion in films and television over the past decade, allowing it to become one of the largest content producers on earth. In recent years, it has pushed into live and sports programming — an expanded NFL slate, WWE, MLB, and the 2027 FIFA Women's World Cup, with live now just over 5% of content spend.

In 2022, Netflix launched an ad tier after years of boasting itself to be ad-free. Now around 60% of new sign-ups choose Netflix's ad-supported plan.

Shares are up 69,382% since the opening price, compared to 1,025% for the S&P 500 over the same period.

Uber $UBER:

Uber had one of the most interesting business trajectories. Its S-1 in 2019 focused on the moonshot ambitions of self-driving and flying cars. It believed developing autonomous vehicles technologies had “the long-term potential to provide safer and more efficient rides and deliveries to consumers, as well as lower prices.” In 2018, it incurred about $450 million of research and development expenses for its ATG and other technology programs initiatives, about a third of its total R&D expense back then.

But within 18 months of the IPO, Uber divested essentially all of the futuristic bets the S-1 spotlighted, refocusing on rides and delivery with human drivers.

In 2020 it sold ATG (autonomous vehicles) to Aurora, Elevate (flying taxis) to Joby Aviation, and Jump (e-bikes and scooters) to Lime.

One could argue that pivot away from moonshot ambition cost Uber.

Recently, it has tried to re-enter the space it long gave up on, competing once more with Google’s Waymo, Tesla, Amazon’s subsidiary Zoox, but its share price has suffered. Despite the risks of failures, it hasn’t been deterred.

“We believe that autonomous vehicle technologies may have the ability to meaningfully impact the industries in which we compete and that autonomous vehicles present substantial opportunities,” according to its most recent annual report. Its AV partner network now exceeds 30 companies, including the likes of Waymo, Aurora, Avride, and others.

Maybe this time, Uber will stick with it.

Shares are up 66% since the opening price, compared to 201% for the S&P 500 over the same period.

Conclusion

Taking risks in untested ideas is scary, but the companies that stuck to their moonshot ambitions have benefited from their risk appetite. Those that didn't have the stamina to stick with risky projects saw their shares suffer. So arguably, the takeaway here is that you should buy companies that are willing to take risks and adapt and evolve, rather than buying the ones that want to stick to doing one type of thing. In those cases, it doesn't matter if a company has 30 different moonshot ideas being thrown around because all it needs is just one of them to pay off.

As always, Signal From Noise should not be used as a source of investment recommendations but rather ideas for further investigation. We encourage you to explore our full Signal From Noise library, which includes AI in pharmaceuticals, a fresh look at the Magnificent Seven, deep dives on why investors should care about Gen Xers, the recent memory chip gold rush, the future of malls, and drone warfare. You can also find our take on space-exploration investments, defense stocks, and the business of farming.

Disclosures

This research is for the clients of Fundstrat Global Advisors only. For additional information, please contact your sales representative or Fundstrat Global Advisors at 150 East 52nd Street, New York, NY, 10022 USA.

Conflicts of Interest

This research contains the views, opinions and recommendations of Fundstrat. At the time of publication of this report, Fundstrat does not know of, or have reason to know of any material conflicts of interest.

General Disclosures

Fundstrat Global Advisors is an independent research company and is not a registered investment advisor and is not acting as a broker-dealer under any federal or state securities laws.

Fundstrat Global Advisors is a member of IRC Securities' Research Prime Services Platform. IRC Securities is a FINRA registered broker-dealer that is focused on supporting the independent research industry. Certain personnel of Fundstrat (i.e., Research Analysts) are registered representatives of IRC Securities, a FINRA member firm registered as a broker-dealer with the Securities and Exchange Commission and certain state securities regulators. As registered representatives and independent contractors of IRC Securities, such personnel may receive commissions paid to or shared with IRC Securities for transactions placed by Fundstrat clients directly with IRC Securities or with securities firms that may share commissions with IRC Securities in accordance with applicable SEC and FINRA requirements. IRC Securities does not distribute the research of Fundstrat, which is available to select institutional clients that have engaged Fundstrat.

As registered representatives of IRC Securities, our analysts must follow IRC Securities' Written Supervisory Procedures. Notable compliance policies include (1) prohibition of insider trading or the facilitation thereof, (2) maintaining client confidentiality, (3) archival of electronic communications, and (4) appropriate use of electronic communications, amongst other compliance related policies.

Fundstrat does not have the same conflicts that traditional sell-side research organizations have because Fundstrat (1) does not conduct any investment banking activities, (2) does not manage any investment funds, and (3) our clients are only institutional investors.

This research is for the clients of Fundstrat Global Advisors only. Additional information is available upon request. Information has been obtained from sources believed to be reliable, but Fundstrat Global Advisors does not warrant its completeness or accuracy except with respect to any disclosures relative to Fundstrat and the analyst's involvement (if any) with any of the subject companies of the research. All pricing is as of the market close for the securities discussed, unless otherwise stated. Opinions and estimates constitute our judgment as of the date of this material and are subject to change without notice. Past performance is not indicative of future results. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The opinions and recommendations herein do not take into account individual client circumstances, risk tolerance, objectives, or needs and are not intended as recommendations of particular securities, financial instruments or strategies.

The recipient of this report must make its own independent decision regarding any securities or financial instruments mentioned herein.

Except in circumstances where Fundstrat expressly agrees otherwise in writing, Fundstrat is not acting as a municipal advisor and the opinions or views contained herein are not intended to be, and do not constitute, advice, including within the meaning of Section 15B of the Securities Exchange Act of 1934. All research reports are disseminated and available to all clients simultaneously through electronic publication to our internal client website, fundstrat.com. Not all research content is redistributed to our clients or made available to third-party aggregators or the media. Please contact your sales representative if you would like to receive any of our research publications.