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## The Market Performance of Italian Ipos in the Long-Run

23 Pages

Posted: 13 May 2001

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Date Written: January 2001

### Abstract

In most industrialized countries IPOs seem to underperform both the market and portfolios of comparable firms in the long-run, despite the initial underpricing. The reason of this phenomenon are not clearly known. Why should investors buy IPOs shares if probably they will obtain a loss in the long-run, compared to the market portfolio? In this paper, we collect data for a comprehensive sample of 150 IPOs on the Italian Stock Exchange, issued between 1985 and 1999. We analyze the long-run performance, using the market index as referring benchmark. We find that the most recent IPOs do severely underperform the market, while IPOs in the '80s do not exhibit significantly different returns from the other stocks. We also find a significant negative correlation between long run relative performance and initial flipping, this suggesting that some investors possess superior information on IPOs.

**Keywords:** Long-Run Performance, Initial Public Offerings, Italian Stock Exchange**JEL Classification:** G30, G32[Suggested Citation](#) >[Show Contact Information](#) >[Download This Paper \(Delivery.cfm/SSRN\\_ID269834\\_code010513600.pdf?abstractid=269834&mirid=1\)](#)[Open PDF in Browser \(Delivery.cfm/SSRN\\_ID269834\\_code010513600.pdf?abstractid=269834&mirid=1&type=2\)](#)

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