



## 3 Reasons Why You Should Bolster Your TFSA Retirement Fund's Immune System With Shares of This Recent IPO

### Description

I'm usually not a fan of IPO investing, as it's very difficult to get a firm grasp of a new publicly traded firm's long-term trajectory given the limited amount of historical data that's available for you to analyze. There's a tonne of hype that follows Canadian IPOs, since good ones are few and far between, but a lot of the time, many IPOs turn out to be duds after the "honeymoon phase" ends in the weeks following new issue day.

I've been disapproving of many Canadian IPOs over the last year, and that's turned out to be a winning strategy in a majority of cases thus far. **Aritzia Inc.** ([TSX:ATZ](#)) and **Freshii Inc.** ([TSX:FRII](#)) are just two names that nosedived in the weeks and months following their respective IPOs. Of course, there are exceptions, but if you're unsure, you're better off sitting on the sidelines as you wait for the dust to settle.

There's absolutely no shame in doing this. It's actually a smart way to jump in at a better price down the road since a lot of the time, IPO prices are substantially higher than they should be, because management is typically overly bullish about their growth trajectories, which are slated to accelerate as a publicly listed company.

So, in short, IPOs are ridiculously volatile and have the potential to implode shortly after you purchase shares, but there are a few rare exceptions. **Jamieson Wellness Inc.** ([TSX:JWEL](#)) was one of those exceptions, so I'd urged investors to [pull the trigger](#), despite my distaste for recent IPOs.

What makes Jamieson different?

First, Jamieson is a business that's been around for nearly a century. The company has had the chance to establish itself as one of the best brands in the vitamin, mineral, and supplements (VMS) industry. The average Canadian is probably well aware of Jamieson's signature green-cap product and would likely opt to buy the trusted brand versus a potentially cheaper alternative whose brand name they're uncertain of. Jamieson's brand is powerful, and that's allowed the company to capture ~25% of the Canadian VMS market over the course of decades. Like it or not, Jamieson has a wide moat filled

with water and alligators. And the recent IPO will allow Jamieson to widen its moat at a quicker rate moving forward.

Second, the VMS market is incredibly boring! Have you noticed that Jamieson's IPO didn't draw a huge crowd? That's because vitamins are nothing new, and many investors may assume there's zero room to grow in such a primitive market. That's likely a reason why Jamieson's IPO didn't rocket and plunge in the early stages. Instead, it simply rallied somewhat modestly over the months that following new issue day.

Third, Jamieson is a long-term play on the [ageing baby boomer population](#). A large older generation means more supplement sales. Jamieson is adding new products to its portfolio and is ramping up on marketing to further promote brand awareness. Add the company's potential China expedition into the mix, and you've got a stealthy growth king that may be flying under the radar of most investors.

### Bottom line

IPOs are exciting, but if the company behind the IPO is boring, well, then you have a rather tame IPO that may be a great booster to your TFSA portfolio. Global VMS demand is going to surge over the next decade, and as Jamieson ramps up on its brand awareness initiatives, I think the stock is a must-buy today for those looking for next-level returns.

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### CATEGORY

1. Investing

### TICKERS GLOBAL

1. TSX:ATZ (Aritzia Inc.)
2. TSX:FRIL (Freshii)
3. TSX:JWEL (Jamieson Wellness Inc.)

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