



Investing in IPOs Can Make You Rich

Description

Editor's Note: The original version of this article stated that Dollarama IPO'd at \$17.50 and has returned 178.97% since that time. And, while the IPO price is correct, it doesn't take into account stock splits along the way. As a result, its split-adjusted IPO price was \$3.25, leading to a return of 1,412% through July 29, 2019.

Initial public offerings, or IPOs, have always appealed to investors. There are two groups of IPO investors. The first group is composed of people who genuinely believe in the future growth of the company. Investors in the second group want to capitalize on the hysteria or excitement surrounding the IPO.

But those who've stuck with the companies that did great on their IPO realized [significant gains](#). Here are three notable IPOs on the TSX that made investors rich.

Hot market reception

Almost two decades ago, **Sun Life Financial** ([TSX:SLF](#))([NYSE:SLF](#)) debuted on the TSX under the ticker SLC. Many thought the IPO wouldn't be well received, as Sun Life was the fifth Canadian life insurance company to go public. The IPO price was set at \$12.50 on the eve of the IPO.

Sun Life was the most traded stock on March 23, 2000, and the stock closed at \$14 on opening day. Three months later, the price doubled to \$24 and then climbed to \$40 at the end of the year. In 2002, Sun Life was already a powerful brand. The company changed the symbol to SLF to reflect the brand image.

At present, SLF is a top 30 Canadian blue-chip stock that delivers steady dividend income for investors. The current stock price of \$55.41 is 343.28% better than the IPO price. With the annual dividend yield of 3.6%, SLF is a dependable investment for long-term investors.

Rekindled the IPO market

Investors were excited when Canada's largest dollar store chain announced plans to go public in 2009. The market debut of **Dollarama** ([TSX:DOL](#)) on October 9, 2009, ignited the TSX after months of no IPOs.

The company set the IPO price at \$17.50 per share (split-adjusted price of \$3.25) and declared a resounding success at the close of trading on opening day. Dollarama was able to raise a total \$300 million gross proceeds from the IPO.

Dollarama is also a name-brand company. Many view the business of this discount store as recession-proof. There will never be a drought of economizing customers. At a recent close of \$49.13, which represents a 1,412% increase from the IPO price. Dollarama also pays a less-than-0.5% dividend today.

Phenomenal IPO

May 21, 2015, was the day that a Canadian e-commerce platform for small- and medium-sized merchants made the biggest splash on the TSX. The market debut of **Shopify** ([TSX:SHOP](#)) ([NYSE:SHOP](#)) is [the most earth-shaking of all IPOs](#) to date. The success extended beyond the IPO date and is still surging to this day.

If you were an early investor and was able to buy at the opening price of \$35.03 (IPO price was \$17), your gain as of this writing is 1,154.52%. SHOP is currently trading at \$439.46. You'd be obscenely rich had the investment amount been huge.

Bottom line

Investors can make a fortune from IPOs. However, you need to be discerning when choosing. The businesses of Sun Life, Dollarama, and Shopify will never run out of customers.

CATEGORY

1. Investing
2. Tech Stocks

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2. TSX:DOL (Dollarama Inc.)
3. TSX:SHOP (Shopify Inc.)
4. TSX:SLF (Sun Life Financial Inc.)

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Date

2025/08/23

Date Created

2019/07/29

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