

IPO frenzy yields hefty gains for retail investors

Shares listed this year up 57% on average

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Retail investors are expected to keep piling into initial public offerings (IPOs) this year, as hefty gains for new stocks outpace the broader market and listings abroad.

Shares that began trading on the indices this year have delivered an average gain of about 57 per cent since their debut, according to data compiled by *Bloomberg*. That compares with 32 per cent for Asia Pacific and is more than double the global average, the data show.

At least 15 more companies are working on offerings that could materialise in coming months and may raise a combined \$11 billion.

Buying by retail investors has been key for the success of such sales in India, one of the hottest spots globally for IPOs in 2024 as surging valuations and good economic prospects lure issuers.

"At the moment it seems like a juggernaut that's not going to stop anytime soon," said Vineet Arora, who manages the Singapore-based NAV Capital Emerging Star Fund.

"I talk to a lot of younger generation investors. Most of them don't want to buy a house or real estate, an asset that one would typically invest soon after starting work. Now that money is finding its way into stock markets."

Retail investors bid for about \$10.6 billion worth of shares sold in 36 IPOs on bourses this year, according to data from Prime Database Group. The amount was more than 12 times higher than the portion made available for them, the data show. All of the new share sales had their individual quotas fully filled.

Individual buying hasn't ebbed since an increase in surveillance in the first quarter by regulators, after several small deals flopped shortly after listing.

Aiming to erase what they called "malpractices," authorities imposed measures to cool retail involvement by curbing lending



to them for share purchases.

Seven IPOs that began trading in recent months attracted individual demand that surpassed the amount available by more than 50 times.

Electric vehicles charging firm Exicom Tele-Systems was among popular offerings, with retail investors bidding for 120 times more shares than available to them. The stock has rallied almost 230 per cent from than its IPO price.

While individual involvement isn't expected to ebb, many don't plan to keep their investments in specific stocks for long, according to Pranav Haldea, managing director at Prime Database Group.

"Most retail investors basically come in to flip and are not studying the companies or sector and financials," Haldea said.

"With the kind of listing gains we are seeing now, if one is able to get allotment, there is quick money to be made," he added.