

THE INVESTOR'S COMPLETE GUIDE

IPO STARTER KIT

Everything You Need to Know Before Investing
in a Newly Public Company



Understand the IPO Process ♦ Spot Red Flags ♦ Invest with Confidence

IMPORTANT DISCLAIMER



This guide is for educational purposes only and does not constitute financial, legal, or investment advice. Investing in the stock market involves risk, including the possible loss of principal. Past performance of any IPO is not a guarantee of future results.

Always conduct your own research and consult a licensed financial advisor before making investment decisions. The examples and case studies in this guide are included to illustrate concepts and are not recommendations to buy or sell any specific security.

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INTRODUCTION

Welcome

Every few months, a company makes headlines by going public. The stock price rockets on the first day of trading. Financial news networks buzz with excitement. Social media lights up. And somewhere, an investor wonders: Should I get in on this?

If that investor is you, this guide was written for you.

Initial Public Offerings — IPOs — are one of the most exciting and misunderstood events in the investing world. Done right, they offer a chance to invest in a company during a pivotal moment in its growth. Done wrong, they can lead to significant losses — even when the company itself looks impressive.

The truth is, most investors go into IPOs with very little information. They react to headlines, hype, and first-day price moves instead of doing the homework that separates smart investors from the crowd.

This guide will change that. Over the next 15+ pages, you will learn:

- What an IPO is and why companies go public
- How the IPO process works from start to finish
- What to look for — and what to avoid — in an IPO
- How to time your investment wisely
- The difference between IPOs, direct listings, and SPACs
- How to build a personal IPO watchlist
- The most dangerous myths about IPO investing

Whether you are a brand-new investor or someone who has been in the market for years, this guide will give you a clear, practical framework for evaluating new public companies with confidence.



Let's get started.

CHAPTER 1

What Is an IPO?

A company does not start out on the stock market. It starts as a private business — owned by a small group of founders, friends, family, and early investors. In those early years, regular investors like you and me have no way to buy a piece of that business.

An Initial Public Offering (IPO) changes all of that.

When a company conducts an IPO, it creates new shares of stock and offers them to the general public for the first time. After that process is complete, anyone with a brokerage account can buy and sell those shares on a public stock exchange like the New York Stock Exchange (NYSE) or the Nasdaq.

Why Companies Go Public

Going public is a major decision. Companies do not take this step lightly. The most common reasons include:

- **Raising capital:** The company sells new shares and keeps the money to fund expansion, hire employees, build new products, or pay off debt.
- **Liquidity for early investors:** Founders, venture capital firms, and early employees who took a risk on the company can finally sell some of their shares and receive cash.
- **Brand visibility:** Becoming a public company puts a business on the national and global stage, attracting customers, partners, and top talent.
- **Currency for acquisitions:** Public companies can use their stock like currency — offering shares instead of cash when buying other businesses.
- **Paying down debt:** Some companies use IPO proceeds to reduce loans and strengthen their balance sheet.

Who Profits From an IPO?

Many people benefit when a company goes public. The company itself receives the capital it needs. Early investors and employees finally receive liquidity. And the investment banks (called underwriters) who managed the IPO earn significant fees — typically 3 to 7 percent of the money raised.

Retail investors — everyday people like you — usually get access to shares after the IPO price is set. In most cases, institutional investors (banks, hedge funds, mutual funds) get priority access at the IPO price. Regular investors often buy in on the first day of trading, which means they may be buying at a higher price.

Key Terms	
IPO	Initial Public Offering — the first time a private company sells shares to the public.
Underwriter	The investment bank that manages the IPO process and sets the initial price.
Prospectus (S-1)	The official document a company files with the SEC explaining its business, finances, and risks.
Lockup Period	A period (usually 90–180 days) after an IPO during which insiders cannot sell their shares.

Float

The total number of shares available for public trading.

Investor Takeaway

An IPO is not a gift. It is a transaction — the company is selling you shares at a price it believes is favorable to itself.

You are not buying in at the ground floor. Early investors and insiders got the ground floor. You are likely buying at a price that already includes significant optimism about future growth.

CHAPTER 2

How the IPO Process Works

The path from private company to public company is long and complex. It can take anywhere from six months to over a year. Understanding the process helps you know what to pay attention to — and when.

Stage 1: The Decision to Go Public

Company leadership, usually working with their board of directors, decides the time is right for an IPO. This decision is often driven by strong revenue growth, a need for capital, or favorable market conditions. The company hires investment banks to manage the process.

Stage 2: Hiring the Underwriters

Investment banks — known as underwriters — play a central role in the IPO. They advise the company on timing, help set the price, commit to buying unsold shares, and market the IPO to large institutional investors. The main underwriter is called the "lead underwriter" or "bookrunner."

Stage 3: SEC Filing — The S-1

Before any shares can be sold, the company must file an S-1 registration statement with the U.S. Securities and Exchange Commission (SEC). This document is publicly available and contains a treasure trove of information: financial statements, business model details, competitive risks, how the company plans to use the IPO proceeds, and who owns shares.

Stage 4: The Roadshow

Once the S-1 is filed, company executives hit the road (or hop on video calls) to pitch large institutional investors. This is called the roadshow. They present their business story, answer questions, and try to build excitement and demand for the offering. The roadshow usually lasts two weeks.

Stage 5: Pricing the IPO

After gauging investor interest during the roadshow, the underwriters set the final IPO price. This price is set the night before the stock begins trading. Institutional investors receive shares at this price.

Stage 6: First Day of Trading

The next morning, the stock begins trading on a public exchange. The opening price is determined by supply and demand from all buyers and sellers — not just the institutional investors. This is why IPO stocks often open significantly higher (or lower) than the IPO price.

How the S-1 Works for You

The S-1 is free and publicly available at sec.gov/edgar. Key sections to read:

- Business Overview — how the company makes money
- Risk Factors — what could go wrong (companies must disclose these honestly)
- Financial Statements — revenue, profit/loss, cash flow
- Use of Proceeds — what they plan to do with IPO money

- Principal Shareholders — who owns what percentage

↑ Case Study: Airbnb IPO (2020)

Priced at \$68 → Opened at \$146 on Day 1 (+115%)

Airbnb went public in December 2020 after COVID devastated its business earlier that year. The company showed strong resilience — booking activity rebounded faster than expected. When the stock opened for public trading, demand was so high that it opened at \$146. Many retail investors who bought at open paid more than double the IPO price.

Investor Takeaway

The IPO price is set for institutional investors. If a stock 'pops' on day one, retail buyers often absorb that premium.

A big first-day jump is not necessarily good for new investors — it means you are buying at a higher price than the insiders paid.

CHAPTER 3

Why IPOs Capture Investor Attention

There is something uniquely exciting about an IPO. A company that was previously off-limits to everyday investors suddenly becomes available. The story feels new, the potential feels unlimited, and the media coverage can be overwhelming.

This excitement is real — but it is also one of the biggest risks facing IPO investors.

The Allure of 'Getting In Early'

Investors are naturally drawn to the idea of getting in before a company reaches its full potential. Stories of early Amazon or Apple investors fuel this dream. IPOs feel like that opportunity — a chance to own a piece of the next great company before it becomes a household name.

The reality is more nuanced. By the time a company goes public, it is rarely a tiny startup. Most IPO companies are already valued at hundreds of millions or even billions of dollars. The early risk-takers — the venture capitalists and angel investors — have already been rewarded. What you are buying at an IPO is a stake in a company's future growth — at a price that reflects significant optimism.

The Media Hype Cycle

Media coverage around IPOs tends to focus on exciting narratives: disruption, innovation, charismatic founders. This coverage rarely focuses on valuation, profitability, or competitive threats. The result is that many investors buy IPO stocks based on the story, not the numbers.

Studies have consistently shown that the average IPO underperforms the broader market in the three to five years following the offering. That does not mean IPO investing is a bad strategy — it means it requires discipline.

What Makes an IPO Exciting

- Access to previously private companies
- High-growth industries (tech, biotech, etc.)
- Strong brand recognition
- Clear and compelling growth story
- Experienced management team
- Expanding addressable market

What Creates IPO Danger

- Hype without financial substance
- No path to profitability
- Extremely high valuation multiples
- Limited operating history
- Heavy insider selling on day one
- Market conditions driven by speculation

↓ Case Study: Facebook IPO (2012)

Debuted at \$38 → Fell to \$17.55 within three months (-54%)

Facebook's 2012 IPO was one of the most anticipated in history. The stock was priced at \$38 per share and gave the company a valuation of over \$100 billion. Technical glitches on the Nasdaq, a high valuation, and concerns about mobile revenue all contributed to a swift decline. Investors who bought on day one waited years to break even. Those who bought 12 months later did far better.

Investor Takeaway

Excitement is not a valuation metric. The more hyped an IPO, the more important it is to slow down and run the numbers.

Studies show that the majority of IPOs underperform the S&P 500 over a three-to-five year period. The winners are rare — but they do exist.

CHAPTER 4

The IPO Research Checklist

Great IPO investing starts with great research. Fortunately, you have access to the same documents that professional investors use. Here is a systematic approach to evaluating any new public company.

1. Revenue Growth

Revenue is the total money a company brings in from sales before expenses are paid. For IPO-stage companies, revenue growth is one of the most important indicators of momentum. Look for consistent growth over at least two to three years. A company growing revenue at 30%, 50%, or more per year is demonstrating strong market demand.

- Is revenue growing year over year?
- Is the growth rate accelerating or decelerating?
- Are there any large one-time events that inflated recent numbers?

2. Profitability and Path to Profits

Many IPO companies are not yet profitable. This is not automatically disqualifying — many great public companies, including Amazon, operated at a loss for years. But you need to understand the plan.

- Gross Margin: Revenue minus the direct cost of goods/services. A high gross margin (40%+ for tech) means the company has room to grow and eventually profit.
- Operating Loss: How much cash is the company burning each year? Is the loss shrinking over time?
- Net Income / EPS: Earnings per share. Is there a clear timeline to positive earnings?

3. Total Addressable Market (TAM)

The TAM is the total potential revenue if a company captured 100% of its target market. Investors love large TAM figures, but they require scrutiny. A company might claim a \$500 billion TAM, but if only 2% is realistically capturable in the next five years, that number is misleading.

4. Competitive Positioning

Does the company have a durable advantage — something that makes it hard for competitors to steal their customers? In investing, this is called an economic moat.

- Network effects: The product gets more valuable as more people use it
- Switching costs: Customers face significant inconvenience when switching to a competitor
- Cost advantages: The company can produce at lower cost than anyone else
- Brand: Customers trust and prefer the brand even at a premium price

5. Balance Sheet Strength

How much cash does the company have? How much debt? Look for cash and short-term investments that cover at least 12–24 months of operating expenses at the current burn rate.

6. Insider Ownership

Check what percentage of the company founders, executives, and early employees still own after the IPO. High insider ownership after the IPO is generally a good sign — it means leadership has their own money on the line.

7. Valuation

This is often the most important and most ignored factor in IPO analysis. Even the best company can be a bad investment if you pay too high a price.

- Price-to-Sales (P/S): Market cap divided by annual revenue. A P/S of 5–10x may be reasonable for fast-growing companies; 30–50x+ warrants serious scrutiny.
- Price-to-Earnings (P/E): Market cap divided by net earnings. Only applicable if the company is profitable.
- EV/EBITDA: A more complete picture of profitability.

IPO Research Checklist	
<input type="checkbox"/>	Read the full S-1 prospectus (available free at sec.gov)
<input type="checkbox"/>	Review at least 3 years of revenue growth data
<input type="checkbox"/>	Calculate gross margin and check the trend over time
<input type="checkbox"/>	Identify the path to profitability — is there one?
<input type="checkbox"/>	Evaluate the total addressable market with realistic assumptions
<input type="checkbox"/>	Identify key competitors and assess the company's moat
<input type="checkbox"/>	Review the balance sheet: cash on hand vs. annual burn rate
<input type="checkbox"/>	Check insider ownership percentage before and after the IPO
<input type="checkbox"/>	Calculate or look up Price-to-Sales and other valuation multiples
<input type="checkbox"/>	Compare valuation to similar public companies in the same industry
<input type="checkbox"/>	Review the 'Risk Factors' section of the S-1 for key concerns
<input type="checkbox"/>	Understand what the company plans to do with IPO proceeds

CHAPTER 5

IPO Warning Signs

Just as important as knowing what to look for is knowing what to avoid. Several red flags appear repeatedly in IPOs that later disappointed investors. Learning to spot them early can save you significant money.

Warning Sign #1: Excessive Hype Without Financial Substance

When media coverage focuses heavily on the founder's personality, the company's mission, or its cultural impact — but rarely mentions revenue, margins, or valuation — that is a signal to slow down. Ask yourself: If I strip away the narrative, what do the numbers actually say?

Warning Sign #2: Declining Revenue Growth

If a company's revenue growth rate is slowing dramatically in the quarters leading up to the IPO, that is a serious concern. Companies often time their IPOs to coincide with periods of peak momentum. Slowing growth before the IPO may indicate the business is maturing faster than expected.

Warning Sign #3: Heavy Insider Selling

When company insiders use the IPO primarily as an exit opportunity, it raises a question: Why are they selling now? Some insider selling is normal. But if the majority of IPO shares are being sold by existing shareholders rather than the company, the insiders are the ones cashing out.

Warning Sign #4: An Unclear or Shifting Business Model

If the S-1 has trouble explaining how the company makes money, or if the "use of proceeds" section is vague, that is worth noting. A company that cannot clearly articulate its revenue model carries extra execution risk.

Warning Sign #5: A Frothy IPO Market

IPOs cluster during bull markets when investor sentiment is high. If dozens of money-losing companies are going public in rapid succession and all of them are trading at 20x+ revenue, the market may be overheated. Some of the worst IPO outcomes in history occurred when companies rushed to market during speculative peaks.

Warning Sign #6: Auditor Concerns

Look for any mentions of 'going concern' language in the audited financial statements. This means the accounting firm has doubts about whether the company can survive the next 12 months. This is an extremely serious flag.

↓ Case Study: WeWork (2019)

IPO withdrawn after valuation fell from \$47B to under \$10B in weeks

WeWork filed to go public in 2019 with a reported valuation of \$47 billion. A closer reading of the S-1 revealed massive losses (over \$1.9B in 2018), highly unusual related-party transactions, and an opaque corporate structure. Public scrutiny of the S-1 contributed to the IPO being pulled entirely. The company eventually went public at a valuation a fraction of its earlier peak.

Investor Takeaway

Think of warning signs as yellow lights, not necessarily red lights. One flag deserves more research. Multiple flags together should give you serious pause.

The S-1 Risk Factors section is not just legal boilerplate. Companies are required to disclose real risks. Read it carefully.

CHAPTER 6

Understanding IPO Timing

One of the biggest mistakes IPO investors make is believing they must buy on day one. This is almost never true — and it often leads to paying the highest possible price.

Why Day-One Buying Is Often Costly

On the first day of trading, several forces are working against the retail investor. Institutional investors who received shares at the IPO price may start selling to lock in quick profits. Media excitement pulls in buyers who push prices even higher. Fear of missing out (FOMO) drives emotional, not rational, decision-making.

The result: many IPO stocks trade at their all-time highs on day one — and spend the next 6 to 18 months trading lower.

The Lockup Expiration Opportunity

After an IPO, company insiders are subject to a lockup period, typically 90 to 180 days, during which they cannot sell their shares. When the lockup expires, many insiders sell. This often creates temporary selling pressure and a lower stock price — a potential entry point for patient investors who have already done their research.

The 12-Month Rule

A useful rule of thumb: wait at least 90 days, and ideally 12 months, before buying an IPO stock. By then:

- The initial excitement has faded and the price is more rational
- The company has released at least one or two quarterly earnings reports
- You can see how management communicates with public investors
- The lockup has usually expired
- The stock has established a support level you can analyze

Timing Frameworks to Consider

DAY 1: Read the S-1, add to your watchlist. Do NOT buy based on hype alone.

30-90 DAYS: Watch for the first quarterly earnings report.

90-180 DAYS: Lockup expiration approaches. Watch for selling pressure and potential entry points.

6-12 MONTHS: By now you have data on post-IPO execution. Is management delivering?

12+ MONTHS: Historical data suggests this is often a better risk-adjusted entry point than day one.

↑ Case Study: Datadog IPO (2019)

Priced at \$27 → Dipped in early 2020 → Surged strongly in subsequent years

Cloud monitoring company Datadog priced at \$27 in September 2019. Investors who bought on day one paid around \$35 after the first-day pop. The stock dipped in early 2020 during a broader market selloff. Investors who did their research, added it to their watchlist, and waited for a more rational entry point built significant gains over the following years as the company continued to execute.

Investor Takeaway

You will almost never regret missing a first-day pop. You will often regret chasing one. Patience is a competitive advantage in IPO investing. Most investors do not have it.

CHAPTER 7

IPOs, Direct Listings, and SPACs

A traditional IPO is not the only path a company can take to become publicly traded. In recent years, two alternative methods — direct listings and SPACs — have become increasingly common. Each has unique advantages and risks.

Traditional IPO

A traditional IPO involves underwriting banks, an S-1 filing, a roadshow, and a priced offering. The company raises new capital. Underwriters take a fee. Institutional investors get priority access.

Direct Listing

In a direct listing, the company does not issue new shares or hire underwriters. Instead, existing shareholders sell their shares directly to the public on the open market.

- No lockup period for insiders from the start
- No underwriter fee inflating the valuation
- Price is set purely by market supply and demand on day one
- Risk: no new capital raised; higher initial volatility

Direct Listing Examples

- Spotify (2018): Listed directly on the NYSE without raising capital, priced initially around \$165.
- Palantir (2020): Chose a direct listing to allow employees and insiders to sell shares immediately.
- Coinbase (2021): Direct listed on Nasdaq at a reference price of \$250, opened at \$381.

SPACs (Special Purpose Acquisition Companies)

A SPAC — sometimes called a blank check company — is a shell company that raises money through an IPO with no actual business. Its sole purpose is to merge with a private company, taking it public without the traditional process.

Why investors should be cautious:

- Fewer disclosure requirements than a traditional IPO
- SPAC sponsors take a large fee (often 20% of capital raised) regardless of outcome
- Historical data shows SPACs have significantly underperformed traditional IPOs on average
- The SPAC boom of 2020–2021 left many retail investors with large losses

IPO / Direct Listing

- Full S-1 disclosure required
- SEC-reviewed financials
- Management roadshow and Q&A
- Established underwriting process
- Long operating history usually required

SPAC Merger

- Lighter disclosure requirements
- Projected financials often relied on
- SPAC sponsor fees reduce investor returns
- High failure rate historically
- Often involves early-stage companies

Investor Takeaway

Direct listings can be excellent opportunities when the underlying business is strong — but expect higher initial volatility.

SPACs deserve extreme caution. Research the SPAC sponsor's track record before committing any capital.

CHAPTER 8

Building Your IPO Watchlist

The best IPO investors do not react to news — they prepare for it. Building a structured watchlist turns you from a reactive buyer into a proactive one.

Step 1: Track Upcoming Filings

Companies file a confidential S-1 with the SEC months before going public. Sites like IPO Monitor, Renaissance Capital, and Crunchbase track upcoming IPOs. Add companies to your watchlist as soon as they file, not after they start trading. This gives you weeks of research time before the excitement of day one.

Step 2: Read the S-1 Immediately

The S-1 is posted on sec.gov/edgar as soon as it is filed. Do not wait for a summary article — read the actual document, focusing on:

- The Business section — what exactly does this company do?
- The Risk Factors section — what could go wrong?
- The Financial Statements — at minimum three years of revenue and operating income
- The capitalization table — who owns what?

Step 3: Apply Your Checklist

Run the company through the research checklist from Chapter 4. This turns a subjective gut feeling into an objective assessment you can compare across companies.

Step 4: Set Price Targets

- Your ideal entry price — what price would make this a compelling buy?
- Your exit criteria — what would cause you to sell?
- Your position size — how much of your portfolio would you allocate?

Step 5: Monitor Key Milestones

- First earnings report: Does actual revenue match or beat IPO projections?
- Guidance: Is management raising or lowering future revenue expectations?
- Lockup expiration: Watch for the date and any increased selling volume
- Industry news: Does a competitor's performance affect the outlook?

Free Resources for IPO Research

sec.gov/edgar — Official SEC database for all S-1 filings

IPOmonitor.com — Upcoming IPO calendar with filing dates

finance.yahoo.com — Quick access to financial data and news

Renaissance Capital (renaissancecapital.com) — IPO-focused analysis

Crunchbase.com — Background on venture-backed companies

Investor Takeaway

Preparation is your competitive edge. Build your watchlist before the IPO, not after.

Track at least 5–10 companies at once. Having options prevents you from forcing a bad investment.

CHAPTER 9

Common IPO Myths

IPO investing is surrounded by myths. These misconceptions can cost investors real money. Let's set the record straight.

Myth #1: "IPOs Always Go Up"

Reality: Many IPOs drop significantly in the first year of trading. Academic research consistently finds that IPOs underperform the broader market on average over a three-to-five year period. The stocks that do well create survivorship bias — we hear about the winners and forget the many losers.

Myth #2: "If It Is a Big Brand, It Is a Good Investment"

Reality: Brand recognition and investment quality are completely different things. Many beloved consumer brands have been terrible IPO investments because the company was overvalued, had poor unit economics, or was entering a declining market.

Myth #3: "I Need to Buy on Day One to Get the Best Price"

Reality: Day one is often the worst time to buy. First-day prices are driven by hype and institutional demand, not fundamentals. Investors who wait — sometimes just a few weeks — often get meaningfully better prices.

Myth #4: "Professionals Know Something I Do Not"

Reality: While institutional investors get priority access at the IPO price, they do not have access to information that is not in the S-1. The same financial documents you can read on SEC.gov are the same ones professional analysts are reviewing. What professionals have is experience and discipline — both of which you can develop.

Myth #5: "SPACs Are Just as Good as Regular IPOs"

Reality: The average SPAC merger has significantly underperformed the average traditional IPO. SPACs have fewer disclosure requirements and misaligned incentives — sponsors profit regardless of outcome.

Myth #6: "Missing a Great IPO Is Devastating"

Reality: There will always be another IPO. Missing any single stock — even one that goes on to become enormously valuable — is not a permanent setback. The cost of chasing bad IPOs is far greater than the cost of occasionally missing a good one. Discipline and consistency over time matters far more than any single trade.

The Survivorship Bias Trap

When we think of famous IPOs, we remember Amazon, Google, and Salesforce.

We rarely remember the hundreds of tech IPOs from the late 1990s and early 2000s that went to zero.

Selective memory makes IPO investing seem like a guaranteed path to wealth. The data tells a more complicated story.

Always evaluate the full picture — not just the companies you happen to have heard of.

Investor Takeaway

Every one of these myths has cost investors real money. Awareness alone will make you a better IPO investor.

Investing is not about being right on every trade. It is about making good decisions on average, over time.

CHAPTER 10

Final Thoughts

You have now covered more ground on IPO investing than the vast majority of retail investors ever will. That knowledge is genuinely valuable — but only if you put it to work.

The Three Habits of Smart IPO Investors

1. They Prepare Before the Excitement Hits

Smart IPO investors have already read the S-1, run their checklist, and set a target price before the IPO date arrives. They are not scrambling to research a company while everyone else is buying. They already have their answer.

2. They Are Selective

A great IPO investor does not invest in every IPO. They invest in the few that pass their research criteria. Saying no — most of the time — is not a failure. It is a strategy.

3. They Control Their Emotions

First-day pops, FOMO, media hype, and social media chatter are all designed to make you act impulsively. The investors who succeed in IPO markets are the ones who respond to data, not noise.

A Simple Framework to Remember

Whenever you are looking at a new IPO, ask yourself five questions:

1. Do I understand exactly how this company makes money?
2. Are the financials growing in the right direction?
3. Is the valuation reasonable compared to similar companies?
4. Does management have the experience and incentive to execute?
5. Would I still want to own this in three to five years?

If you can answer yes to all five, the IPO deserves serious consideration. If you cannot answer one or more of them, keep watching — or move on.



One Final Reminder

This guide is not a guarantee of investment success. No guide is.

The stock market is unpredictable in the short run — even well-researched IPOs can decline due to factors no one could have anticipated.

What this guide gives you is a process. A way of thinking about new public companies that reduces the chance of making emotional, uninformed decisions.

Use it consistently. Review your decisions honestly. Learn from your results.

That is what separates long-term investors from short-term gamblers.

APPENDIX

Quick Reference Checklist

Use this checklist before investing in any newly public company.

Section 1: Business Fundamentals	
<input type="checkbox"/>	I can explain in one sentence how this company makes money
<input type="checkbox"/>	The company operates in a large and growing market
<input type="checkbox"/>	The company has a clear competitive advantage (moat)
<input type="checkbox"/>	I have identified the top 3 competitors and understand the threat they pose
<input type="checkbox"/>	The management team has relevant experience in this industry

Section 2: Financial Health	
<input type="checkbox"/>	Revenue has grown consistently for at least 2-3 years
<input type="checkbox"/>	The revenue growth rate is stable or accelerating (not sharply slowing)
<input type="checkbox"/>	Gross margins are healthy for this industry (40%+ for software; 20%+ for retail)
<input type="checkbox"/>	The company has a clear and believable path to profitability
<input type="checkbox"/>	Cash on hand covers at least 12-18 months of operating expenses
<input type="checkbox"/>	Debt levels are manageable relative to assets

Section 3: Valuation	
<input type="checkbox"/>	I have calculated or looked up the Price-to-Sales ratio
<input type="checkbox"/>	The valuation is reasonable compared to similar public companies
<input type="checkbox"/>	I understand what growth rate is priced into the current valuation
<input type="checkbox"/>	I would be comfortable owning this stock if it dropped 30% from my purchase price

Section 4: Risks and Red Flags	
<input type="checkbox"/>	I have read the full Risk Factors section of the S-1
<input type="checkbox"/>	There is no 'going concern' language from the auditors
<input type="checkbox"/>	Insider selling in the IPO is minimal relative to total shares offered
<input type="checkbox"/>	The lockup expiration date is on my calendar
<input type="checkbox"/>	I have not made a decision based primarily on media coverage or social media

Section 5: Timing and Position Sizing

- | | |
|--------------------------|---|
| <input type="checkbox"/> | I have waited at least 30 days from the IPO date before buying |
| <input type="checkbox"/> | I have identified my ideal entry price based on research, not FOMO |
| <input type="checkbox"/> | This investment represents an appropriate percentage of my portfolio |
| <input type="checkbox"/> | I have defined my exit criteria in advance (price target or fundamental change) |
| <input type="checkbox"/> | I am prepared to hold this position for at least 12-24 months |

Scoring Your Checklist

20–25 checked: Strong candidate — proceed with appropriate position size.

14–19 checked: Promising but needs more research or a better entry point.

Under 14 checked: Too many unknowns. Continue monitoring or pass entirely.



Thank you for reading the IPO Starter Kit.

Invest with knowledge. Invest with patience. Invest with confidence.