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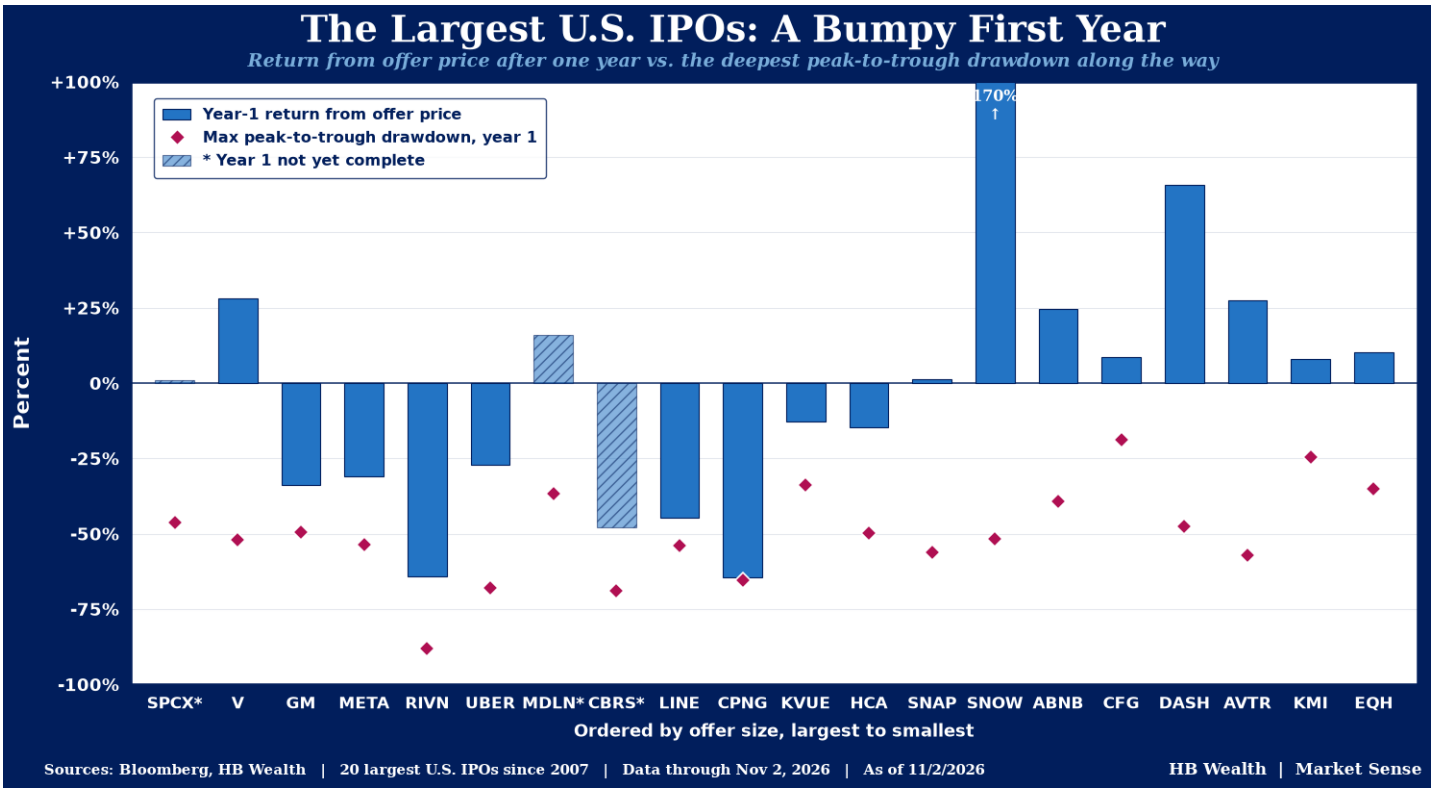
Market Sense – IPOs are Risky and Public Market Investors are Often Left Holding the Bag

November 3, 2026

While IPOs get a ton of fanfare for their day-one "pop", new issues tend to be significantly riskier than other stocks and often underperform the market over longer horizons. Across the largest 20 traditional US IPOs by offer size since 1990, all but five – Medline, Snowflake, AirBnB, Citizens Financial and DoorDash – dipped below their offer price in their first year of trading with a median drawdown of 40.9% from the offer date. Likewise, each faced significant selloffs over the first year with the median of the sample experiencing a drop of 50.8% from their year-one peak and a minimum drawdown of 18.7% (Citizens Financial Group). Volatility bears out the risk of investing in new public shares with median trailing volatility of 51% for the 20 largest US IPOs versus 15.2% for the Russell 3000 in the first year of trading.

Despite a mean first day return of 19% from 1980-2025 based on data from Jay Ritter at the University of Florida, in the longer-term IPO returns are somewhat hit-or-miss. Across our sample of the 20 largest IPOs, only nine outperformed the Russell 3000 over their first year of trading from the offer price (or in the case of SpaceX, Medline and Cerebras, their since IPO return) with a median gain of just 3%. Even looking out three years from the offer date, just seven of the 17 stocks with sufficient history outperformed the market with a median gain of 12.6% versus 35.7% for the Russell 3000. That is consistent with Ritter's longer-term history showing average 3-year underperformance of 3.3% from the offer price and 20.5% from the first day's close (using the Morningstar Total Market Index as the benchmark).

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The Largest U.S. IPOs: A Bumpy First Year
Return from offer price after one year vs. the deepest peak-to-trough drawdown along the way
Year-1 return from offer price
Max peak-to-trough drawdown, year 1
* Year 1 not yet complete
Percent
+100%
+75%
+50%
+25%
0%
-25%
-50%
-75%
-100%
170%
SPCX* V GM META RIVN UBER MDLN* CBRS* LINE CPNG KVUE HCA SNAP SNOW ABNB CFG DASH AVTR KMI EQH
Ordered by offer size, largest to smallest
Sources: Bloomberg, HB Wealth | 20 largest U.S. IPOs since 2007 | Data through Nov 2, 2026 | As of 11/2/2026
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