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The New Stock that Did Not Underperform

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ABSTRACT



There is a long standing literature on the long-term performance of IPOs and newly listed stocks. This paper examines the performance of newly listed stocks in a unique setting in which firms do not issue new equity immediately prior to listing. Instead, firms move from private to public with the same number of shares outstanding. Using data over the period 2001-2012 from the Kuwait Stock Exchange, we find that newly listed firms do not observe any underperformance over a three- year period as documented in the extant literature. This result is arrived at after controlling for both size and book-to-market effects using both event-time and calendar-time approaches.

KEYWORDS Newly listed stocks; IPO; long-term performance

JEL G14, G30, G15