Brandon Parmanand

Milestone 1

Some additional variables I would like to explore that could possibly explain underpricing are listed below.

**IPO DESCRIPTION (ipo\_desc)** – This variable shows whether it was a regular IPO or a spin-off. Spin-offs are usually part of corporations doing some restructuring with regards to the new spinoff company having a better chance of being more profitable alone. I would expect that spin-offs have a greater chance of being underpriced than IPOs due to the status of the parent company can drive investors toward it.

**MATCHQU PRICE CLOSE (matchqu\_price\_close)** – This variable is directly related to the underpricing but comparing it the IPO price and current price would be beneficial to see whether the good or bad performance over time stems from being underpriced.

**IPO TYPE (ipo\_type)** – There are three IPO types. SPAC, Traditional, and direct listing. Is there a trend of underpricing in a specific type. SPACs are designed to reduce volatility so therefore are SPACs likely to be less underpriced?

**SP INDEX (is\_in\_sp500)** – If the IPO company is in the SP500, that could mean higher chance of underpricing. When a company is underpriced and there is a great demand for investing in that company, being in one of these indexes could signify underpricing.

**EGC IS EMERGING COMPANY (egc\_is\_emerging\_company) –** Emerging Growth Companies have less revenue than other larger corporations. Since they are small and growing, that could lead to overpricing due to investors not willing to take a chance on the company.

**CURRENT PRICE DATE (curr\_pr\_date) –**

**CURRENT PRICE CLOSE (curr\_price\_close)**

**CURRENT TOTAL SHARES OUTSTANDING (curr\_tso)**

**CURRENT TOTAL SHARES OUTSTANDING MARKET CAP (curr\_tso\_mc)**

The 4 items above signify the current status of the IPO company. Looking at the current market cap vs the IPO market cap can help us understand the performance. Is the total shares now more than the IPO or has the company reduced.