

How to Safely Own Every Hot IPO of 2019

2018 was quite a year for IPOs.

In fact, there were 188 of them raising up to \$45.7 billion. By the way, that's about 47% greater than 2017. Unbelievably, 2019 could be even more impressive.

Granted, major stock indices are in correction territory, and more economists are calling for a recession by 2020, it may not seem like there's much to get excited about for 2019.

However, with massive tech companies like Uber and Lyft likely to go public in the New Year, analysts believe we could see valuations as high as \$100 billion. That alone would create another record-breaking year.

Three of the Top IPOs to Watch for the New Year

Hot IPO No. 1 – Uber

No company has attracted more attention in the recent year than Uber.

All as the ride-sharing service has disrupted traditional travel in taxis around the world. At current pace, Uber could be valued as much as \$120 billion. If that were to happen, it would be the biggest offering since Alibaba went public in 2014.

While \$120 billion may seem excessive, analysts are betting on significant opportunities in ridesharing. Plus, the company is rapidly growing and expanding with Uber Eats, Uber Freight, and Uber Elevate. It's even investing in self-driving cars and drone deliveries.

However, there are some red flags.

Of one, Uber lost \$891 million in the second quarter of 2018 following a loss of \$4.5 billion in 2017. However, it does see revenue of \$10 billion to \$11 billion, up from \$7.78 billion from 2017. That represents growth of 29% to 41%.

Hot IPO No. 2 – Lyft

Lyft was valued at \$15.1 billion in June, when it raised \$600 million, signing on JP Morgan to lead the offering. According to The Wall Street Journal, it could IPO by March or April 2019. If that's the case, it would beat Uber for listing, and would offer investors their first opportunity to buy into the ride-sharing industry.

According to Forbes, "Lyft is growing faster and losing less money than Uber. The Journal reported that Lyft's third quarter 2018 revenues popped 88% to \$563 million coupled with a whopping \$254 million net loss. That is much faster growth than Uber – which saw revenue increase 38% to \$2.95 billion with a \$1.07 billion loss."

Hot IPO No. 3 – Palantir

Data-mining company Palantir Technologies could one of the biggest IPOs next year as well. According to The Wall Street Journal, the company had talks with Credit Suisse and Morgan Stanley to go public in the second half of 2019, and could be valued at as much as \$41 billion.

Such as valuation of \$41 billion would be a lofty one, though. The company recently told investors it expects around \$750 million in revenue for 2018, up from roughly \$600 million a year earlier. With a \$41 billion valuation, the company would be valued at 55x revenue.

Co-founded by Peter Thiel, Palantir has made quite a name for itself, analyzing large volumes of data for intelligence agencies and governments. Its technology is credited for helping to track down Osama bin Laden, and for disrupting terrorist networks.

How to Trade IPOs for Max Gain

However, investing in a hot IPO right out of the gate isn't always such a great idea. Most investors get caught up in a monster wave of momentum at higher, volatile prices. Instead, if you truly want to participate in IPO excitement, you can own every new IPO without the hype, and the potential for disaster.

The First Trust IPO Index Fund (FPX) allows you to do just that.



The FPX tracks hot IPOs in their first 1,000 days of trading. By buying it, not only can you avoid paying gobs of money for IPOs that may or may not work out, but you're also being exposed to multiple hot IPOs at the same time at lesser cost.

Plus, as you can see, the FPX never once took a hit on any of the failed IPOs either.

In fact, even with some of the most obnoxious IPO failures, the ETF managed to run from a 2009 low of around \$11 to a recent high of \$75. It's a safer alternative than risking your hard-earned money to another potential flop, as SNAP-like stocks turned out to be.

With the FPX, it doesn't matter if the stock is hot or a dud, the excitement surrounding IPOs continues to send the FPX to new highs.