**A Better Way to Trade the Robinhood IPO**

Investors typically get caught up in the excitement of a new IPO.

But as many have learned the hard way, it's better to avoid a newly issued stock altogether. Take a look at what Facebook, Twitter, Airbnb, and even Google did shortly after going public.

While all did very well months after going public, they fell shortly after IPO.

**Another hot up and comer is Robinhood.**

While there's a good deal of hype ahead of the IPO, I wouldn't touch it.

The good news -- according to The Wall Street Journal:

"Robinhood's growth continued into the second quarter, driven by new users opening accounts and an increase in options and cryptocurrency trading. The company expects to report second-quarter revenue between $546 million and $574 million, more than double what it generated a year earlier. The number of funded Robinhood accounts increased by 4.5 million between the end of March and the end of June, reaching 22.5 million in total."

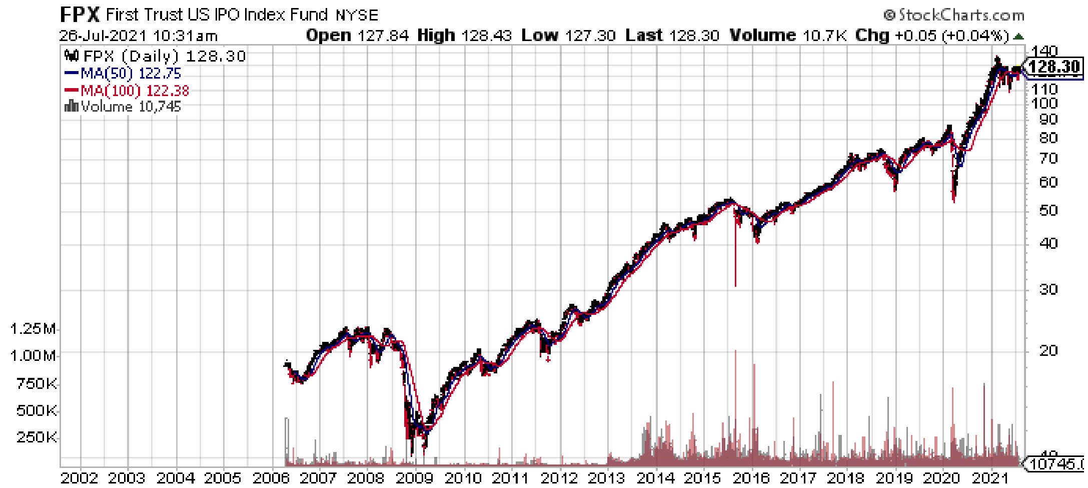
The bad news -- Unfortunately, growth is slowing year to date.

According to The Wall Street Journal, "That slowdown is set to continue, with Robinhood expecting overall revenue in the third quarter to be below the second quarter's level."

According to Barron's, "Robinhood's problem, however, is the quality and sustainability of its revenue. At least three quarters of it comes from routing customers' trades to trading firms that execute the trades and profit off the spread between the bid and the ask, a practice called payment for order flow. During trading frenzies, payment for order flow rises. But when trading slumps, payment for order flow slumps, too."

**The better way to trade any IPO is with an ETF**

The FPX tracks IPOs in their first 1,000 days of trading, and has typically done very well over the years with winning and losing IPOs.




Another ETF to consider is the Renaissance IPO ETF (IPO), which holds the most liquid U.S. listed IPOs for a period of two years, according to Renaissance Capital.