



IPO

Initial Public Offering

SPECIAL REPORT

The Pre-IPO Code Master List

By Jeff Brown, Founder and Chief Investment Analyst, Brownstone Research

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The IPO market is on fire...

After years of staying private, some exciting tech companies are finally making their move and entering the public markets. And we're seeing them skyrocket when they do.

Look at Snowflake (SNOW), a bleeding-edge cloud-computing software company. It went public in September as the largest software IPO in history.

The company was priced at \$120 for its IPO. But the stock opened at \$245. There was no way for normal investors to pick up shares anywhere between \$120 and \$245 a share. And the stock went as high as \$295 a share, 2.5 times the \$120 offering price.

That's just one example. There are plenty more...

This December, DoorDash (DASH) went public with a price of \$102. But it rocketed 85% on the first day of trading, opening at \$182 and closing at over \$189.

Airbnb (ABNB) was much the same. It more than doubled the \$68 price set for its IPO, opening at an astonishing \$146. The initial surge on its first day made Airbnb the 10th best debut in 2020 based on the price gain from its IPO.

And this is happening with lesser-known companies too...

An enterprise software company dealing with AI went public on December 9. I was watching this one, hoping it would slip through the cracks because it isn't a well-known, consumer-facing company like Airbnb or DoorDash. Most people have likely never heard of it.

But no such luck.

C3.ai (AI) was priced at \$42 and opened well above \$100 per share. By the next day of trading, it had risen to over \$130.

It's crazy...

And it shows just how hungry the market is for new companies to invest in.

A Backlog of IPOs

The IPO market this year has been booming. We saw a 30% increase in the number of IPOs from 2019 to 2020. And in 2020 alone, IPOs raised an impressive \$76.4 billion... And that's with a pandemic going on for a substantial portion of the year.

It's simply incredible how much demand there is for investment opportunities in these newly public companies. And I predict we will see another record year in 2021.

In fact, there are thousands of companies lining up to go public right now. We are staring down a major IPO backlog.

That's thanks to an abundance of private capital over the last 15 years. High-quality private companies have been able to consistently raise money and grow their businesses without the scrutiny of being a public company.

But that capital is losing its patience. After a decade or more of growth, they are ready to exit positions and take profits from their successful investments.

I'm incredibly excited to see this momentum. It means that exciting companies I've been watching for years will finally become accessible to my subscribers...

But as I described at the beginning, there's a problem with these IPOs...

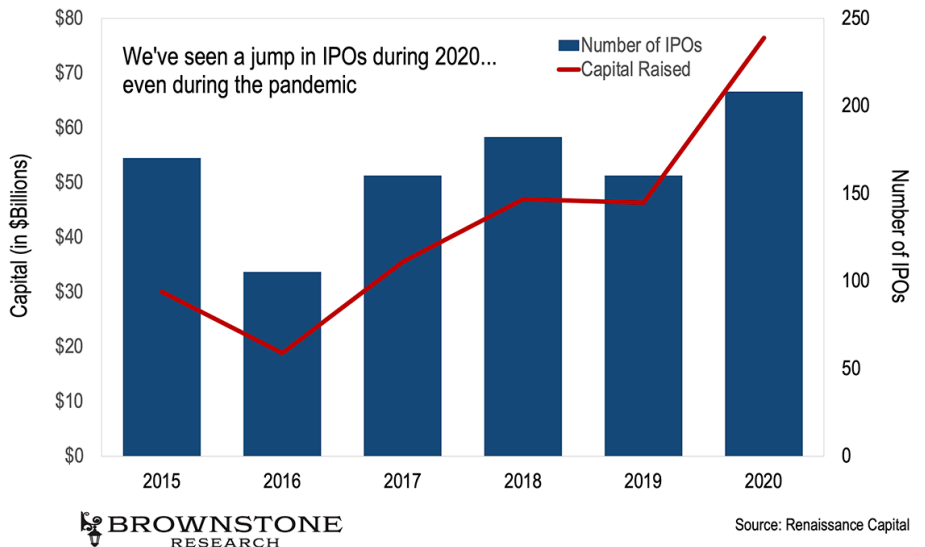
Left With the Table Scraps

Let me be clear: I don't recommend anyone invest in the companies I mentioned at the beginning at these levels.

At the time of writing, Snowflake has an enterprise value (EV) of \$105 billion. That puts its EV/sales ratio at a mind-boggling 260. That means the current price of SNOW is equivalent to 260 years of revenue (not profits).

The other companies have similarly unsustainable valuations.

U.S. IPOs Over Time



On any negative news or earnings miss, shares are likely to sell off. Investors are nearly guaranteed to lose money when investing at these levels.

There should be an obvious solution. Why don't we just buy pre-IPO shares? It sounds simple, but it's not.

In traditional IPOs, pre-IPO shares are typically reserved for large hedge funds, private equity, or high-net-worth investors. They're typically divvied up in what's known as a "pre-IPO placement."

But for normal investors? Buying pre-IPO shares is virtually impossible. Until now...

Pre-IPO Codes

In my research, I've uncovered something I'm calling a "pre-IPO code"...

What is a "pre-IPO code"?

Very simply, it is a series of letters – no more than five – that you punch into your brokerage account. In exchange, investors are awarded pre-IPO access to exciting early stage companies before they trade on public markets.

And before you ask, no. This is not any type of private deal. And no, you don't need to be an accredited investor.

And this opportunity has been building over recent years.

Have a look at the chart at right.

It wasn't until 2014 that pre-IPO code companies started to gain momentum. They raised over \$5 billion in 2014 and 2015 collectively, a clear sign of market interest. And in the last several years, things have really taken off.

When we look at pre-IPO code companies in the context of the overall IPO market, it is quite a surprise. In 2019, 23.5% of the total 250 IPOs that priced were pre-IPO code companies... almost one in four.

And it's easy to understand why there's so much interest in this kind of opportunity.

These "pre-IPO code" companies enable investors to essentially get shares in companies before their IPOs. And like I said, you don't have to be a millionaire accredited investor to invest...

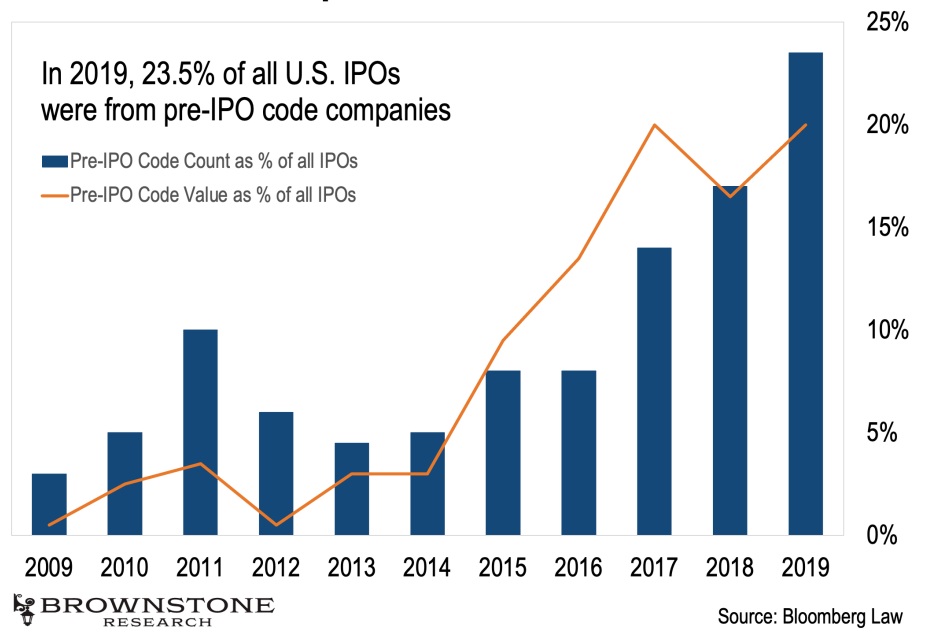
And here's the good news...

There are hundreds of these pre-IPO companies trading right now.

I've compiled a master list of all the "pre-IPO codes" I've uncovered during my research. (See table on following page.)

You can see the level of opportunity present here...

Pre-IPO Code Companies as % of All IPOs in U.S.



I want to make sure that investors understand this new investment opportunity. That's why I've prepared my *Pre-IPO Code Event*.

Tune in on **Wednesday, January 13, at 8 p.m. ET** to find out all the details. I'm going to tell attendees what these pre-IPO codes are, where they come from, and how they can deliver pre-IPO access to some of the most exciting early stage companies.

It's an event you won't want to miss. I'll see you there.

Regards,

Jeff Brown
Founder & Chief Investment Analyst,
Brownstone Research

CND	IIAC	EUCR	EMPW	PMVC	MUDS	JYAC	ACAC	MAAC	FCAC
DDMX	LNFA	ATAC	TPGY	NMMC	RAAC	PHIC	BLSA	PACE	AHAC
FTCV	RTPZ	CTAC	NGAC	STWO	PTIC	OTRA	YSAC	FMAC	RTP
FPAC	DGNS	TEKK	VYGG	OACB	HTPA	ZNTE	RICE	SEAH	ENPC
SPFR	PIPP	XPOA	APSG	EQD	LOKB	DMYI	SPNV	IACA	SBG
CAP	HAAC	HIGA	AVAN	SAII	RSVA	BWAC	LFTR	VGAC	LEAP
TACA	CFAC	SRSA	ASAQ	BSN	SGAM	STIC	GWAC	IMPX	TWCT
FRX	NOAC	HZON	IGAC	SNPR	SPRQ	ADOC	HLXA	RCHG	SVAC
VCVC	TSIA	DCRB	AGC	PIAI	GNPK	DBDR	BTWN	QELL	NSH
SV	CONX	TMPM	FGNA	CRHC	TINV	BHSE	TMTS	CLII	ITAC
BREZ	NBA	MOTN	VSPR	TWND	ARBG	DSAC	FVAM	VACQ	CAPA
CAS	AJAX	IPOD	FTIV	BCTG	KWAC	ACIC	IPOE	PDAC	CMLF
LSAQ	BOAC	IPOF	ASPL	BTAQ	OCA	MACU	LCY	VIH	FTOC
CHFW	LUXA	PAIC	ACTC	HZAC	CLA	HSAQ	PTK	CCAC	THBR
FST	PRPB	RACA	SCVX	SSPK	FIII	NHIC	CPSR	LIVK	SCPE
AONE	ETAC	GSAH	ALUS	THCA	DGNR	CCIV	FUSE	CHPM	GXGX
LCAP	ACEV	BRLI	AMHC	AGBA	RBAC	ACND	TREB	GRNV	CRSA
FAIL	GRCY	HECC	JIH	THCB	VMAC	ERES	WPF	DFNS	ANDA
ARYA	PSTH	GIK	MCMJ	TDAC	GRSV	PSAC	SOAC	FSRV	LACQ
KSMT	DFHT	CGRO	SFTW	BRPA	HOL	HPX	CHAQ	LATN	BOWX
DEH	DFPH	GLEO	GOAC	MLAC	ZGYH	EXPC	YAC	AACQ	GNSR
NPA									

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