Abstract

This thesis examines Indonesian IPO underpricing anomalies within the period of 2007 – 2018, in which the average first-day return over the period is found to reach 30.04%. This paper was able to prove the existence of information asymmetry based underpricing through the significant result of some independent variables that were analyzed. The level of underpricing in companies conducting an IPO in Indonesia is influenced by aftermarket sigma or the standard deviation of return, underwriter reputation, company's age, and offer price. Despite Indonesia's status as a country with Muslim majorities, the sharia stock effect was found to be insignificant, probably because per 2018, the number of exclusive investors, or investors who only invest in sharia stocks is only 2.72% from the whole population of investors in Indonesian stock market. This paper also showed that no significant result with underpricing level can be found in market beta, financial industry dummy, and number of shares offered.

Keywords **:** IPO underpricing, Sharia Stocks, Emerging Market
JEL Classification : G0, G32, G40