

Amazon fell 95% after its IPO. Holders from day one still multiplied 600-fold

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Maxim: *You can only lose what you put in; a winner can multiply it.* — Peter Lynch

The arithmetic of owning shares is lopsided in the investor's favour. The lesson is to protect that advantage: keep every bet affordable, avoid structures that remove the floor, and give the winners time.

In the stock market, your worst case is fixed at the start and your best case is not, and that single fact should shape how you invest.

Peter Lynch put it in one of the golden rules of *Beating the Street*, as reproduced by [The Motley Fool](#): "If you invest \$1,000 in a stock, all you can lose is \$1,000, but you stand to gain \$10,000 or even \$50,000 over time", if you are patient. He went on to argue that a few big winners can make a lifetime of investing worthwhile.

Amazon is the most extreme modern illustration. It went public on 15 May 1997 at \$18 a share. Two years later, in the dotcom mania, it looked like a triumph. Then it collapsed: the stock "shed 95% of its value between late 1999 and when it bottomed out" about two years later, [The Motley Fool](#) recalled on the company's 20th anniversary as a listed firm.

An investor who had bought at the peak saw almost all of the money disappear on paper. Painful, but capped. An investor who had bought at the IPO and simply held, through the crash and the years of doubt that followed, had made a return of about 63,765% by May 2017, the same article calculated; in other words, more than 600 times the original stake. One holding, held long enough, could pay for a lifetime of ordinary mistakes.

The point is not that Amazon was predictable. It was not, and many dotcom darlings of 1999 never recovered. The point is the shape of the bet. Every loser in that era could cost its owners at most what they put in. A very small number of survivors repaid that many times over.

The pattern in India

Indian markets show the same lopsided shape. Motilal Oswal's long-running Wealth Creation Study, in its [2014 edition](#), listed the fastest wealth creators of 2009–14. Eicher Motors led with share-price growth of 94% a year over five years, followed by Bajaj Finance at 93%. Over those five years, that pace multiplied each rupee many times over.

The same study was candid that such stocks are rare. "100x stocks are few," it noted, and finding them requires, in a phrase it borrowed from the investor Thomas Phelps, "vision to see, courage to buy, and the patience to hold". Of the three, Phelps believed patience was the rarest.

That rarity is exactly why the asymmetry matters. The finance professor Hendrik Bessembinder, studying US stocks since 1926 in a [2018 paper](#), found that most individual stocks earned less over their lifetimes than one-month Treasury bills, and that the top 4% of companies accounted for the

market's entire net gain. You do not need to find many big winners. You need to own a few, avoid being wiped out by the losers, and not sell the winners early.

When the floor disappears

Lynch's rule has a condition hidden in it: it is true only when you pay in full for shares you own outright. Take that away and the arithmetic flips.

Buy shares on borrowed money, and a fall can cost you more than your own stake, because the loan must still be repaid. Sell options or trade futures, and losses can run far beyond the margin you put up. In those structures the downside is no longer capped, and the upside is often limited by time and leverage. The lopsided advantage that Lynch described now works against you.

The second way to waste the asymmetry is quieter: selling winners too soon. A stock that doubles is often sold to "lock in" a profit, while losers are held in the hope of getting back to cost. That habit reverses Lynch's arithmetic, cutting the upside short while letting the downside run. It turns a lopsided game in your favour into an even one, or worse.

The third is simply concentration beyond what you can afford. Lynch's \$1,000 example assumed the \$1,000 was money you could lose. Put your house deposit into one exciting company and the capped loss is still a loss you cannot bear.

If you do one thing: Check that every equity position you hold is fully paid for and sized so that losing all of it would hurt but not harm your plans. Then look at your winners and ask whether you are about to sell any of them only because they have gone up. If the business is still doing what you bought it for, let the lopsided arithmetic keep working.

Lynch's rule is reassuring and demanding at once. Reassuring, because the worst that can happen to a fully paid share is known in advance. Demanding, because the best outcomes take years, arrive in only a few holdings, and are easy to cut short. Amazon's early holders did not need to be geniuses. They needed a stake they could afford to lose, a business they believed in, and the patience to sit through a 95% fall. The floor protected them. Time did the rest.

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