

## ◆ Summary

The IPOX-30 Global (All Markets) Index provides a *transparent, highly liquid and reliable* benchmark for the performance of the Global IPO and spin-off sector with the potential for risk-adjusted outperformance to conventional large-cap *developed and emerging markets exposure*.

## ◆ How IPOX provides a “Unique Approach”?

The ‘Going public’ event has effects on corporations which are truly unique and long-run in nature. It is also difficult to value companies because of the high level of information asymmetry at the IPO date. This is due to institutional constraints (short selling restrictions, no historical beta, quiet period, limited analyst coverage). As companies progress once being listed, this information asymmetry works itself out in share price movements.

These underlying dynamics result in a large dispersion in long-run IPO returns (over time many IPO companies will eventually have underperformed and relatively few companies will have overperformed). Exposure into the few overperforming companies, however, can produce substantial **Asset Allocation Benefits**. IPOX provides an index methodology which seeks to *unlock these asset allocation benefits*.

An underlying force affecting the global IPO market has also been accounting reforms under Sarbanes-Oxley (“SOX”). This has resulted in **Higher Quality Of Disclosure**, which means greater company transparency, an important factor especially for IPO companies.

The global IPO and spin-off market is **Economically Significant**. Since 1995, an average of USD 500bn p.a. in market cap has been created through IPO and spin-off activity. Current constituents account for upwards of USD 7bn daily equity turnover on the respective exchanges.

Exposure to the IPOX-30 Global (All Markets) Index (IPGL30) has shown low correlations to international benchmarks. During the last year, for instance, key international indexes exhibited the following correlations to the IPOX-30 Global (All Markets) Index.

KEY INTERNATIONAL INDEX CORRELATIONS TO IPGL30			
S&P 500	0.415	CAC 40	0.556
S&P/ASX 200	0.551	DAX 30	0.547
TOPIX	0.601	FTSE 100	0.545

Source: Bloomberg as of 05/21/08

## ◆ Contact and learn more about licensing IPOX

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# [ Why IPOX? ]

THINK GROWTH – THINK IPOX®

IPOs and spin-offs have been one of the best performing equity classes over the past years and offer a unique way for portfolio enhancement if tracked separately. The **IPOX-30 Global (All Markets) Index** measures the performance of the top 30 companies ranked quarterly in the underlying IPOX Global Composite Index which have been involved in either an IPO or spin-off on a developed markets stock exchange over the past 1000 trading days. The index serves as a **Semi-Passive Benchmark** for large/mega-cap global growth stocks in developed and emerging markets. The Index has outperformed benchmarks since inception at comparable volatility levels:

	IPOX-30 Global	MSCI World	S&P 500
YTD (%)	-1.09	-3.54	-5.29
2007	29.16	7.09	3.53
2006	36.05	18.01	13.62
2005	28.02	7.59	3.00
1 year	21.74	-4.54	-8.81
3-years	28.33	10.41	5.34
5-years	31.68	13.14	8.53
9 years	12.17	2.64	0.49
Vol (%)	23.41	16.13	19.96

To ensure diversification, constituent’s maximum weights are capped at 10% on the quarterly re-balancing date. The index represents exposure into 35% of market cap created through global IPO activity during the past four years. The **Quarterly Rotation** allows for early exposure into IPOs and replacement of underperforming stock in the index on a periodic basis, some of the key drivers of returns.

With a dividend yield of 1.50% and an applied market capitalization of USD 1.02 trillion, the Index captures the 30 largest and most liquid global IPOs and spin-offs, including privatization offerings, in *developed and emerging markets*:

