

◆ Summary

With Futures and Option expiration nearing, global equities continued to trade in big ranges, as the daily news flow over European debt and the global banking industry drove intra-day sentiment. With accessible IPO deal flow shut, domestic China remained the motor of global IPO activity.

◆ Highlights

- Stocks lost ground with markets extra-sensitive to rumors over Greek debt and the health of the global banking industry. For one more week, relative strength in U.S. technology was not enough to overcome the plunge in select Financials, some even subject to short-selling restrictions with French bank Societe Generale (GLE FP: -56.63% YTD), Germany's Commerzbank (CBK GY: -62.46% YTD) and U.S. behemoth Bank of America (BAC US: -47.68% YTD) amongst the worst performers.
- Disappointing earnings from fast food retailer McDonalds (MCD US: -4.66% on the week), surprising the market with a revenue decline across the key European and Asian markets, and a continued surge in the USD/Euro (+3.86% on the week), dampened sentiment for U.S. stocks into the week-end.
- Amid this cautious environment, the IPOX Indexes traded mixed to higher vs. the global benchmarks:
- In the **United States**, the IPOX U.S. 30 Index (IPXT) and broader IPOX U.S. 100 Index (ETF: FPX) lost ground vs. the outperforming Nasdaq-100 (NDX) and Russell 2000 (RUT). IPOX heavyweight Philip Morris International (PM: -3.43%) slumped amid a rise in the USD/Euro.
- **European markets** remained the world's most fragile, underlined by another week of huge drops in Germany's DAX Index (-6.29% to -24.94%), once the darling amongst European relative and absolute investors. A great week in May 2011 IPO Glencore International (GLEN LN: +6.93%) helped the IPOX Europe Indexes to a good relative week: The IPOX Europe 30 Index (IXTE) gained +223 bps. vs. benchmarks Stoxx 50 (SX5P). Spanish bank IPO Bankia Sau (BKIA SM: -2.67%), IPOX pick, weakened.

Key IPOX Indexes Returns YTD:

Ticker (BBG/Reuters)	Return Last Week (%)	Return YTD (%)	Exposure
IPGLC (USD)	-2.98	-11.58	Global
IPGL100 (USD)	-2.90	-7.54	Global
IPGL50 (USD)	-2.04	-6.11	Global
IPGL30 (USD)	-2.45	-7.64	Global
IPXO (USD)	-1.70	-5.45	U.S.A.
IPXT (USD)	-2.08	-4.20	U.S.A.
IXTE (EUR)	-2.03	-17.36	Europe
IPTA (USD)	-2.99	3.65	Asia-Pacific
IPXUEM (USD)	-2.82	-15.53	Emerging
IPXUBRIC (USD)	-5.16	-24.32	BRIC
IPXUCHCP (USD)	-3.69	-15.77	China
CNI (USD)	-3.84	-16.44	China
IPXUCAUP (USD)	-1.16	-13.28	China A
IPXULATT (USD)	-3.27	-13.68	Latin America

[Week 09/12/2011]

- **"Divergent Opinions" over Japan's Gree (3632 JP):** In **Asia-Pacific**, the IPOX Asia-Pacific (IPTA: -2.99% to +3.65% YTD) declined in line with benchmark MSCI Asia-Pacific (MXPC). With investment bank Goldman Sachs (GS) removing IPOX heavyweight Gree Inc. (3632 JP: +6.19%) from its "conviction buy" list on Monday, and a slew of others - notably Mitsubishi UFJ Morgan Stanley - upgrading the stock on Tuesday - the social networker closed the week on an all-time high.
- **IPOX Emerging Markets** (IPOX BRIC 25, IPOX China 20, IPOX China 30 A Shares) traded broadly in line.
- Relative strength in selected names was reflected in another solid week for the **IPOX Global Universe**: The IPOX Global 50 (IPGL50), e.g., extended the YTD lead vs. benchmark MSCI World (MXWD) to +558 bps.

Most significant IPOs launched (Week 09/05/2011):

Company	Ticker	Return / IPO (%)
Xiamen Comfort S & T	002614 CH	-11.92%
Zhejiang Haers Vacuum	002615 CH	31.11%
Beijing Jingyuntong Technology	601908 CH	-0.07%
British American Investment Co	BRIT KN	-11.11%
GI Dynamics Inc	GID AU	-16.36%
ABA Chemicals Corp	300261 CH	36.36%
Kunshan Kinglai Hygienic	300260 CH	50.74%

- With a large number of China-based companies now rumored to seek a U.S. listing (Why a U.S. listing?), dealflow on the mainland drove global IPO activity: 5 companies raised USD 851ml, adding USD 6.39bn to mainland China stock market capitalization at the IPO price. The average (median) global IPO rose +11.25% (-0.07%) based on the final offering price on the week.

Upcoming IPOs: (Week 09/12/2011):

Company	Code	Country	Lead Manager
PNE Solution Co	131390 KS	Korea	Kyobo Sec.
Henan Mingtai	601677 CH	China A	PingAn Sec.
EP-Mint Co Ltd	6052 JP	Japan	Mizuho
Guangdong Chant	002616 CH	China A	Industrial Sec.
Roshow Tech.	002617 CH	China A	Dongxing
Luoyang Longhua	300263 CH	China A	Everbright
Shenzhen Danb.	002618 CH	China A	Guosen Sec.
AVIT Ltd	300264 CH	China A	China Merc.
Jiangsu Tong.	300265 CH	China A	Century Sec.
Shanghai Saifon	300262 CH	China A	PingAn Sec.

- With the exception of two small/micro-cap IPOs taking place in Korea and Japan, IPOs on the China mainland will again dominate the global IPO deal flow. IPOs in the accessible developed markets remain absent for the time being.

◆ IPOX Talking Points:

In this week's IPOX Talking Points, we highlight a) recent performance trends when looking at the spread relationships between the IPOX U.S. Indexes and the leading U.S. equity benchmarks and b) key companies facing the expiration of the lock-up period during the coming week.

[Week 09/12/2011]

◆ Expiration and index spreads PLUS lock-ups ending for key companies !!!

• Using IPOX U.S. to trade unique spread relationships during monthly U.S. option expiration cycles:

Month-end effects and seasonalities in equities are hotly discussed and applied topics. The following analysis sheds some further light on the discussion from the perspective of using IPOX U.S. (ETF: FPX or IPXT) as a tactical basket of highly liquid mid/large cap stocks with potentially uncorrelated dynamics. The IPOX U.S. Indexes (ETF: FPX or IPXT) apply a diversified all-cap momentum approach to capturing the "going public" effect in U.S. equities. Because of their "young age" on the stock market (the firm itself may be mature), the IPOX universe also captures companies not yet included in the main benchmarks. Performance trends during option expiration in the U.S. markets have recently been pervasive: For example, during the past six option expiration weeks (six monthly cycles March 2011 through August 2011), the NASDAQ-100 (NDX) and Russell 2000 (RUT) have underperformed the S&P 500 (SPX) by a cumulative 414 bps. and 493 bps., respectively. The performance of the IPOX U.S. universe has - during each of the respective option expiration weeks - pointed at the opposite direction when compared to the NASDAQ-100 (NDX) and Russell 2000 (RUT). For example, the IPOX U.S. 30 (IPXT) has gained a cumulative 258 bps during the same respective trading windows vs. the S&P 500 (SPX), and a massive 672 and 855 bps. vs. the NASDAQ-100 (NDX) and Russell 2000 (RUT), respectively.

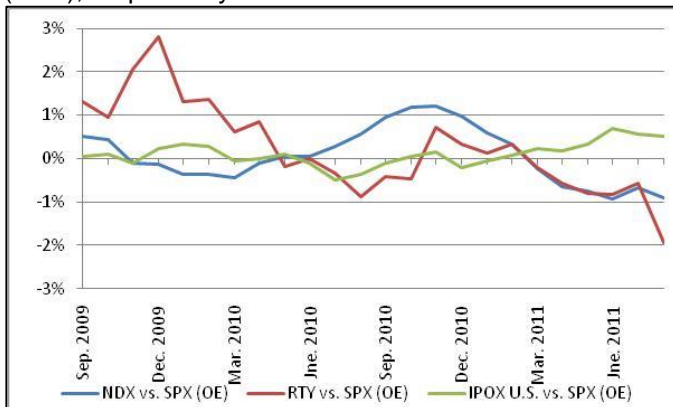


Figure 1. Relative performance of U.S. Indexes vs. the S&P 500 (SPX) during option expiration week (past 24 months). Indexes used are proxies for market segments including a) Technology (NDX), b) U.S. small-caps(RUT) and c) U.S. IPOs and spin-offs trading within the first four years of trading (ETF: FPX or IPXT).

• Next Week's Lock-Up expirations: Leading Korean IPOs in the spotlight:

Company	Ticker	Country
Cornerstone OnDemand	CSOD US	U.S.A.
Hyundai Home Shopping	057050 KS	Korea
China Kingstone Mining	1380 HK	Hong Kong
Dawonsys Co Ltd	068240 KS	Korea
Hutchison Port Holdings	HPHT SP	Singapore
KTCS Corp	058850 KS	South Korea
Alphachips Corp	117670 KS	South Korea
Formetal Co Ltd	119500 KS	South Korea

Korean IPOs issued during the past year are the highlight of next week's IPOs facing the expiration of the lock-up period. U.S. Companies, which typically have a three month lock-up of their shares, facing the expiration of a large number of locked shares performed worse than their foreign counterpart, whose shares may be locked up for a longer period, typically one year.

Amongst the heaviest-hit companies was Los Angeles-based software maker and 03/2011 IPO Cornerstone on Demand (CSOD US: -12.41%) which also broke below its IPO based on Friday's close. Performance amongst the Korean IPOs was mixed: The largest company in the list, Hyundai Home Shopping (057050 KS), declined to close near its 09/2010 IPO price.

Company	Return/1st close	Return/Last Week
Cornerstone OnDemand	-34.14%	-12.41%
Hyundai Home Shopping	8.08%	-5.26%
China Kingstone Mining	-32.27%	-8.28%
Dawonsys Co Ltd	-33.41%	-15.16%
Hutchison Port Holdings	-26.55%	2.26%
KTCS Corp	-0.78%	2.26%
Alphachips Corp	-46.55%	-7.51%
Formetal Co Ltd	+180.42%	8.33%

• Q3 2011 Rebalancing of the IPOX Indexes

Please note the Q3/2011 rebalance of the IPOX Indexes. Constituents have now been determined and disseminated. The respective indexes will re-balance on Friday, September 16th 2011 and go effective at the open of business on Monday, September 19th, 2011. The following indexes are affected: IPGL100, IPGL50, IPGL30, WTD, IPXO, IPXT, IXTE, IPXUJPEU, IPTA, IPXUAPAC, IPTA, IPXUBRCI, CNI, IPXULATT, IPXUCAUP.

Please note the upcoming launch of the IPOX Korea 30 Index, a powerful overlay to Korea's Kospi 200 Index (contact josef@ipoxschuster.com for information).