

The IPOX® Week

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- As new U.S. administration takes the helm, IPO window set to open with flood of deals, big initial returns.

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IPOX Indexes close mixed during expiration week. **IPOX China** extends YTD gains. The **IPOX Indexes** traded mixed last week with the **IPOX Global** (IPGL50) shedding -0.33% to 2.60% YTD, +61 bps. ahead of the global market. Continued gains in China-linked exposure (CNI: +1.37%) and a flat Europe (IXTE: +0.01%) were offset by weakness in the **IPOX U.S.** (IPXO, IPXT) and **IPOX Developed Asia-Pacific** (IPTA). Individual stocks with most upside focus included some of the more recent new listings in the mid-cap space, such as U.S. base metals producer spin-off **Alcoa** (AA US: +8.03% ahead of earnings), Bayer spin-off **Covestra** (1COV GY: +8.31% on upgrades), 12/16 IPO Chinese mobile application software maker H.K. traded **Meitu** (1367 HK: +7.30% on a big spike in volume as Chinese Investment banks initiate ratings) or Chinese courier services operator 10/16 IPO **ZTO Express Cayman** (ZTO US: +5.92% as it exented YTD momentum). Global specialty car parts makers also recorded strong gains, including recent Johnson Controls 10/16 spin-off **Adient** (ADNT US: +4.51% on positive analyst comments) and Germany's **Hella** (HLE GY: +4.74%). We note the fresh post-merger high in global data provider **IHS Markit** (INFO US: +4.75% after delivering a strong quarterly report, including a revenue beat). Some of the strength was mitigated by weakness in select IPOX heavyweights including IL-based drug makers **Abbvie** (ABBV US: -1.36% ahead of earnings), **Shire** (SHPG US: -5.00% in sympathy with drug maker **Mallinckrodt** [MNK US: -9.00%]) and the slew of 2015 Japanese privatization IPOs which declined on secondary share sale expectations. IPOX-linked Financial Products traded on the international exchanges mirrored this mixed sentiment: For example, available to investors in the U.S. and Europe, the USD million 633 **First Trust U.S. Equity Opportunities ETF** (FPX) declined -0.20% +1.70% YTD, in line with the ETF linked to the **S&P 500** (SPY), main gauge for U.S. stocks.

As new U.S. administration takes the helm, IPO window set to open with flood of deals, big initial returns. The start of the new U.S. government cycle is set to have a significantly positive impact on U.S. IPO flow, with at least 8 firms set to commence trading. The largest deal of the week belongs to Citi/CS and JP Morgan-led non-dividend paying growth-oriented independent oil and natural gas firm **Jagged Peak Energy** (JAG US) which seeks to raise USD million 649.8 (middle of the USD 16-18 range), with proceeds going to the firm earmarked to reduce debt. Goldman-led intelligence software platform operator **AppDynamics** (APPD US) is also lined up for a Thursday debut, with the firm seeking to sell just 11.88% of equity at a

IPOX Price Returns (%)	Week	2017	2016
Exposure: Global/International (xUS) (USD)			
IPOX Global 50 (IPGL50)	-0.33	2.60	-2.50
IPOX Global 30 (IPGL30)	0.07	2.56	1.73
IPOX International (IPXI)*	-0.14	3.38	-4.63
Exposure: United States			
IPOX Composite U.S. (IPXC)*	-0.34	3.06	7.24
IPOX 100 U.S. (IPXO)*	-0.25	1.65	5.89
IPOX 30 U.S. (IPXT)	-0.47	1.46	8.44
Exposure: Europe/Nordic Region			
IPOX Europe (IXTE)	0.01	1.72	0.18
IPOX Nordic (IPND)	0.05	1.28	-1.59
Exposure: Asia-Pacific/China Region			
IPOX Asia-Pacific (IPTA)	-1.20	2.28	-1.96
IPOX Comp. China (IPXUCHCP)*	0.31	4.11	-3.73
IPOX China (CNI)	1.37	4.73	-10.21

* Basis for Exchange-Traded Products (e.g. FPX US, FPX LN, FPXU FP, FPXI US, TCIP110 IT) and CME Futures (**e-mini IPOX 100 U.S. Index Futures** [commodity symbol: IPOH7]).

valuation between USD billion 1.26-1.51 or ca. 9-10 times '16 revenues. Given the structure of the offering and valuation, we expect the deal to rank as the week's hottest. IPOs linked to other sectors such as manufacturing include dividend-paying Goldman-led Milwaukee-based **REV Group** (REVG US), a manufacturer of emergency and specialty vehicles and Charlotte-based, Barclays-led **JELD-WEN Holding** (JELD US), a global manufacturer of doors and windows. Smaller deals seeking to raise less than USD million 100 include high-risk/return clinical-stage biotech offerings such as Switzerland-based **ObsEva** (OBSV US) and U.S.-domiciled **Jounce Therapeutics** (JNCE US), **AnaptyBio** (ANBA US) and **Visterra** (VIST US).

Traded IPOs (week of 01/16/2017)	Country
Dasin Retail Trust	Singapore
Keane Group Inc.	United States
New Century Healthcare Holding Co. Ltd.	Hong Kong
Zhi Sheng Group Holdings Ltd.	Hong Kong
Upcoming IPOs (week of 01/23/2017)	Country
AnaptyBio Inc.	United States
AppDynamics Ind.	United States
Jagged Peak Energy Inc.	United States
JELD-WEN Holding Inc.	United States
Jounce Therapeutics Inc.	United States
ObsEva SA	Switzerland
REV Group Inc.	United States
Visterra Inc.	United States
Wisdom Education International Holdings	Hong Kong