

◆ Think GROWTH – Think IPOX

- Most IPOX Indexes reverse gains from previous week, IPOX Europe Indexes rise and outperform.
- Slump in select high-beta stocks pressures First Trust U.S. IPO ETF (FPX) anew.
- Global IPO pricing sentiment solid as 12 significant global deals get done – more IPOs lined up.

[Week: 05/12/2014]

Most IPOX Indexes reverse gains from previous week, IPOX Europe Indexes rise and outperform:

Most IPOX Indexes fell last week on renewed weakness in U.S. traded high-beta names succumbing to profit taken after generally strong earnings amongst key large caps and remained susceptible to continued weak sentiment in U.S. small-cap benchmark Russell 2000 (RUT), which extended its YTD performance lag vs. the S&P 500 (SPX) to a large -684 bps. With the exception of IPOX Europe (IXTE, IPXUJPEU), all IPOX Indexes fell on the week. E.g. on the global level, the super-liquid IPOX Global 30 (IPGL30) - gauge for the performance of the largest 30 global IPOs and Spin-Offs issued over the past 4 years - shed -1.12% to -0.76% YTD, lagging the MSCI World (MXWD) by - 86 bps. Amid a flurry of pricing activity in Continental Europe, strength in some of the most recent IPOs including French cable broadband service provider EURbn 4.65 Numericable Group (NUM FP: +7.77%) or postal service operators Belgian EURbn 3.48 BPOST (BPOST BB: +7.31%) and British GPBbn 5.57 Royal Mail Group (RMG LN: +3.44%) propelled the IPOX Europe (IXTE, IPXUJPEU) close to multi-year highs.

Slump in select U.S. traded high-beta stocks pressures

First Trust U.S. IPO ETF (FPX) anew: Linked to the USDbn 932.43 IPOX U.S. 100 Index (IPXO), the IPOX-linked First Trust U.S. IPO ETF (FPX) slumped -2.46% to -1.16% YTD last week, giving back almost all of the gains from the previous week, lagging the benchmarks. E.g., the ETF fell -199, -167 or -68 bps. vs. the ETFs tracking the S&P 500 (SPY), Nasdaq-100 (QQQ) and Russell 2000 (IWM), respectively. Big decliners included communications equipment maker USDbn 2.75 Ubiquity Networks (UBNT US: -23.28%), social networker Twitter (TWTR US: -17.86%) or nutritional supplement retailer USDbn 3.42 GNC Holdings (GNC US: -15.68%). Amid strong earnings, energy firm USDbn 2.20 recent spin-off Murphy Oil (MUSA US: +9.53%) or large-cap luxury hotel chain USDbn 22.72 Hilton Hotels (HLT US: +4.63%) rose against the trend. In all, 77/100 portfolio members fell on the week, with the average (median) equally-weighted firm dropping by -3.12% (-2.29%), significantly worse when compared to the applied market-cap weighted IPOX U.S. 100 Index (IPXO), the basis for the ETF.

Companies “Going Public” and lined up:

12 notable IPOs launched on the accessible global markets last week, with the average (median) firm rising +6.35% (+3.17%) based on the difference between the final offering price and last week’s close. Focus remained on deals trading in Europe (APPS SM, ECK IM, SFSN SW, AM3D GR) and the U.S. Amid continued fund flows into the MLP asset class, demand for U.S. traded high-dividend paying MLP deals (GLOP US, PBFX US) remained unabated.

IPOX Returns (%) (select Price)	Week	2013	YTD 14
Exposure: Global			
IPOX Global 50 (IPGL50)	-1.56	+26.54	-2.27
IPOX Global 30 (IPGL30) (super liqd)	-1.12	+33.65	-0.76
MSCI World (MXWD)	-0.26	+20.25	+1.25
Exposure: United States			
IPOX-100 U.S. (IPXO)	-2.41	+46.99	-1.26
IPOX-30 U.S. (IPXT)	-2.05	+44.01	+0.92
S&P 500 (SPX)	-0.14	+29.60	+1.63
Exposure: Europe			
IPOX Europe 50 (IPXUJPEU)	+1.23	+20.78	+5.01
IPOX Europe 30 (IXTE)	+1.25	+22.68	+3.45
Stoxx 50 (SX5P)	+0.42	+13.26	+2.40
Exposure: Asia-Pacific			
IPOX Asia-Pacific 30 (IPTA)	-1.56	+19.85	-3.47
MSCI Asia-Pacific (MXPC)	-0.46	+2.87	-3.13
Exposure: China			
IPOX China 20 (CNI)	-3.50	+14.77	-9.49
IPOX China Composite (IPXUCHCP)	-3.46	+16.98	-13.41
Hang Seng Enterprise Index (HSCEI)	-1.20	-5.42	-10.46

Companies “Going Public” last week:

Company Name	Identifier	Return (%)
Alcentra Capital Corp	ABDC US	0.33
Alder Biopharmaceuticals Inc	ALDR US	0.00
Applus Services SA	APPS SM	4.48
Century Pacific Food Inc	CNPF PM	11.27
Cheetah Mobile Inc	CMCM US	1.86
Ecosuntek SpA	ECK IM	-8.00
GasLog Partners LP	GLOP US	26.00
K2M Group Holdings Inc	KTWO US	0.07
PBF Logistics LP	PBFX US	20.35
SFS Group AG	SFSN SW	6.25
SLM Solutions Group AG	AM3D GR	1.67
Tuniu Corp	TOUR US	11.89

With Alibaba Group having filed for its U.S. IPO later in the year, China-linked deals in the U.S. (CMCM US, TOUR US) got done, but at revised terms and discounts to the investor.

Notable Global IPOs lined up:

Company Name	Identifier	IPO Date
Bankwell Financial Group	BWFG US	14-May
ServisFirst Bancshares Inc.	SFBS US	14-May
Zendesk Inc.	ZEN US	15-May
Card Factory PLC	N/A LN	15-May
TrueCar Inc.	TRUE US	16-May
Sunfonda Group Holdings	1771 HK	15-May
Jumei International Holdings	JMEI US	16-May
SD Company	SDPI US	16-May
Patisserie Holdings	CAKE LN	16-May

Focus during the upcoming week is on web-based U.S. firms including Zendesk (ZEN US) and TrueCar (TRUE US).