

◆ Think GROWTH – Think IPOX

- Most IPOX Indexes rise and outperform benchmarks during Option expiration.
- IPOX-linked First Trust U.S. IPO ETF (FPX) gains, decouples from weak Russell 2000 (RUT).
- Global IPO pricing sentiment robust as 9 small deals get done – China-linked deals in focus.

[Week: 05/19/2014]

Most IPOX Indexes rise and outperform benchmarks during Option expiration:

Most IPOX Indexes gained last week as strong China-linked markets, declining bond yields and continued global M&A activity pressured volatility (VIX: -3.72). On the global level, the IPOX Global 30 (IPGL30) – proxy for the performance of the largest and super-liquid IPOs and Spin-Offs over the past four years – rose +0.49% to -0.27% YTD, beating benchmark MSCI World (MXWD) by +21 bps. All IPOX Regional Indexes rose with the IPOX China Indexes (CNI, IPXUCHCP) and IPOX Developed Asia-Pacific (IPTA) recording the biggest advance, respectively. Some of the notable performance drivers included USDbn 8.90 China luxury shopping site VIP Shopping (VIPS US: +16.97%) after reporting exceptional earnings/sales as hedge fund Tiger Global boosted its stake in the company. IPOX Asia-Pacific (IPTA) heavyweight real-estate operator USDbn 7.31 Capitamalls (CMA SP: +6.82%) rose anew on an improved takeover offer.

IPOX-linked First Trust U.S. IPO ETF (FPX) gains, decouples from weak Russell 2000 (RUT):

Linked to the USDbn 934.96 IPOX U.S. 100 (IPXO) Index, the IPOX-linked First Trust U.S. IPO ETF (FPX) gained +0.31% to -0.85% YTD last week, outperforming the ETFs tracking the S&P 500 (SPY), S&P Mid-Cap (MDY) and Russell 2000 (IWM), by +26, +43 and +73 bps, respectively. As earnings seasons comes to a close, the return distribution amongst individual portfolio companies narrowed markedly: On the upside, e.g., companies including USDbn 1.90 biotech Clovis Oncology (CLVS US: +17.00%), takeover candidate USDbn 4.02 food manufacturer Pinnacle Foods (PF US: +12.58%) or Tiger Global-pick USDbn 4.21 real estate website Zillow (Z US: +9.47%) gained. The worst performers included USDbn 3.52 power generation equipment maker Babcock & Wilcox (BWC US: -7.74%), asset manager Apollo Global (APO US: -7.29%) and application software maker USDbn 5.17 Splunk (SPLK US: -5.89%). In all, 51/100 portfolio members rose on the week, with the average (median) equally weighted stock gaining +0.40% (+0.20%), in line with the applied market-cap weighted IPOX U.S. 100 Index (IPXO), the basis for the ETF.

Companies “Going Public” and lined up:

Another 9 notable IPOs launched on the accessible global markets last week, with the average (median) firm gaining +9.59% (+1.94%) based on the difference between the final offering price and last week’s close. Focus shifted back to IPOs in the U.S. with all significant deals (JMEI US, TRUS US, ZEN US) rising strongly on the week. Big earnings and hedge fund stake building in luxury e-tailer VIP Shopping (VIPS US) contributed to cementing the po-

| IPOX Returns (%) (select Price) | Week | 2013 | YTD 14 |
|--------------------------------------|-------|--------|--------|
| Exposure: Global | | | |
| IPOX Global 50 (IPGL50) | +0.97 | +26.54 | -1.32 |
| IPOX Global 30 (IPGL30) (super liqd) | +0.49 | +33.65 | -0.27 |
| MSCI World (MXWD) | +0.28 | +20.25 | +1.53 |
| Exposure: United States | | | |
| IPOX-100 U.S. (IPXO) | +0.23 | +46.99 | -1.03 |
| IPOX-30 U.S. (IPXT) | +0.31 | +44.01 | +1.23 |
| S&P 500 (SPX) | +0.09 | +29.60 | +3.54 |
| Exposure: Europe | | | |
| IPOX Europe 50 (IPXUJPEU) | +0.09 | +20.78 | +3.54 |
| IPOX Europe 30 (IXTE) | +0.43 | +22.68 | +5.46 |
| Stoxx 50 (SX5P) | +1.32 | +13.26 | +3.75 |
| Exposure: Asia-Pacific | | | |
| IPOX Asia-Pacific 30 (IPTA) | +0.89 | +19.85 | -2.60 |
| MSCI Asia-Pacific (MXPC) | +0.29 | +2.87 | -3.35 |
| Exposure: China | | | |
| IPOX China 20 (CNI) | +3.71 | +14.77 | -10.20 |
| IPOX China Composite (IPXUCHCP) | +2.57 | +16.98 | -7.16 |
| Hang Seng Enterprise Index (HSCEI) | +2.80 | -5.42 | -7.96 |

Companies “Going Public” last week:

| Company Name | Identifier | Return (%) |
|---------------------------------|------------|------------|
| Bankwell Financial Group Inc | BWFG US | +0.00 |
| Card Factory PLC | CARD LN | -11.11 |
| Hiag Immobilien AG | HIAG SW | -0.07 |
| Jumei International Holding Ltd | JMEI US | +9.91 |
| Patisserie Holdings Ltd | CAKE LN | +13.53 |
| ServisFirst Bancshares Inc | SFBS US | -9.12 |
| Sunfonda Group Holdings Ltd | 1771 HK | +1.94 |
| TrueCar Inc | TRUE US | +11.78 |
| Zendesk Inc | ZEN US | +69.40 |

sitive sentiment for China-linked IPOs in the U.S., indicated by the good take-up of Jumei International (JMEI US: +9.91%), an online retailer of beauty products in China.

Notable Global IPOs lined up:

| Company Name | Identifier | IPO Date |
|--|------------|----------|
| BGF Retail Co. Ltd. | 027410 KS | 05/19 |
| 21 st Century Oncology Holdings | ICC US | 05/21 |
| China CNR Corporation | 6199 HK | 05/21 |
| JD.com Inc. | JD US | 05/22 |
| Agile Therapeutics Inc. | AGRX US | 05/22 |
| SunEdison Semiconductor PTE | SEMU US | 05/22 |
| Baguio Green Group Ltd. | 1397 HK | 05/23 |
| Parsley Energy Inc. | PE US | 05/23 |
| Heritage Insurance Holdings | HRTG US | 05/23 |
| SD Products Inc. | SDPI US | 05/23 |
| Best Pacific International | 2111 HK | 05/23 |

Ahead of a shortened U.S. trading week, China-linked deals are in focus: JD.com (JD US) and China CNR (6199 HK).