

◆ Think GROWTH – Think IPOX

- IPOX Indexes main beneficiary of slump in risk.
- IPOX-linked First Trust U.S. IPO ETF (FPX) surges, narrows YTD performance lag vs. S&P 500 (SPX).
- Significant deal flow underlines renewed strength in IPO sentiment across global regions.

[Week: 05/26/2014]

IPOX Indexes main beneficiary of slump in risk: All IPOX Indexes gained and significantly outperformed last week as risk slumped to a multi-year low (VIX: -8.68%). 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 – gained +1.45% to +1.18% YTD, beating benchmark MSCI World (MXWD) by +58 bps. All IPOX Regional Indexes rose for a second week in a row with the IPOX China Indexes (CNI, IPXUCHCP) and IPOX U.S. Indexes (IPXO, IPXT) recording the biggest advance, respectively. Notable corporate action activity in the index group involved IPOX Asia-Pacific 30 (IPTA) heavyweight Australia's wine producer AUDbn 3.36 Treasury Wine Estates (TWE AU: +26.72), which soared after receiving a buy-out offer from KKR & Co., the buy-out firm.

IPOX-linked U.S. IPO ETF (FPX) records strong gain, narrows YTD performance lag vs. S&P 500 (SPX): Linked to the USDbn 957.70 IPOX U.S. 100 (IPXO) Index, the IPOX-linked First Trust U.S. IPO ETF (FPX) jumped +2.36% to +1.49% YTD last week, outperforming the ETF tracking the S&P 500 (SPY) by +124 bps. The fund, which gained +47.76% in 2013, benefited from a strong week in some of its heavyweights with S&P 500 (SPX) inclusion candidate electric car maker USDbn 25.72 Tesla Motors (TSLA US: +8.22%), car supplier USDbn 21.42 Delphi (DLPH US: +6.03%) and hospital operator USDbn 23.54 HCA (HCA US: +4.27%) amongst the leaders. Firms recently reporting uninspiring earnings fell anew, with consulting firm USDbn 3.57 Booz Allen Hamilton Holdings (BAH US: -2.84%) or USDbn 3.31 nutrition products retailer GNC Holdings (GNC US: -3.88%) amongst the weakest portfolio holdings. In all, 71/100 portfolio members rose on the week, with the average (median) equally weighted stock gaining +2.19% (+1.91%), underperforming the applied market-cap weighted IPOX U.S. 100 Index (IPXO), the basis for the ETF.

Companies “Going Public”: Another 18 notable deals launched on the accessible global markets, making it one of the busiest weeks for global IPOs YTD. Initial pricing action confirmed what had been a consistent feature over the past months: With the exception of IPOs on the Hong Kong Stock Exchange, demand and performance of IPOs in all other world regions (U.S., Europe, Asia-Pacific) remained solid with the average (median) deal closing +9.57% (+7.84%) above its final offering price last week. Most upside focus in Asia-Pacific was on IPOs “going public” in burgeoning Australia (GMA AU, SPO AU) and New Zealand (IQE NZ) while Europe saw another week of significant deal flow across (FLO LN, SAGA LN, STM GR). Ahead of a long holiday week-end, a slew of IPOs across various industries launched in the U.S. as well: Most media

IPOX Returns (%) (select Price)	Week	2013	YTD 14
Exposure: Global			
IPOX Global 50 (IPGL50)	+1.61	+26.54	+0.27
IPOX Global 30 (IPGL30) (super liqd)	+1.45	+33.65	+1.18
MSCI World (MXWD)	+0.87	+20.25	+2.41
Exposure: United States			
IPOX-100 U.S. (IPXO)	+2.30	+46.99	+1.25
IPOX-30 U.S. (IPXT)	+2.19	+44.01	+3.44
S&P 500 (SPX)	+1.21	+29.60	+2.82
Exposure: Europe			
IPOX Europe 50 (IPXUJPEU)	+0.78	+20.78	+4.35
IPOX Europe 30 (IXTE)	+0.14	+22.68	+5.61
Stoxx 50 (SX5P)	-0.08	+13.26	+3.17
Exposure: Asia-Pacific			
IPOX Asia-Pacific 30 (IPTA)	+1.34	+19.85	-1.30
MSCI Asia-Pacific (MXPC)	+0.70	+2.87	-2.68
Exposure: China			
IPOX China 20 (CNI)	+2.63	+14.77	-2.68
IPOX China Composite (IPXUCHCP)	+2.43	+16.98	-4.91
Hang Seng Enterprise Index (HSCEI)	+1.66	-5.42	-6.43

Companies “Going Public” last week:

Company Name	Identifier	Return (%)
Agile Therapeutics	AGRX US	-7.67
Baguio Green Group	1397 HK	+1.67
Best Pacific International	2111 HK	-1.40
BGF retail	027410 KS	+42.20
Chimerix	CMRX US	+21.24
China CNR Corp	6199 HK	0.00
Flowtech Fluidpower	FLO LN	+8.50
Genworth Mortgage Insurance AU	GMA AU	+13.21
Heritage Insurance Holdings	HRTG US	+4.55
Intueri Education Group	IQE NZ	+10.64
JD.com	JD US	+5.79
Parsley Energy	PE US	+20.00
Saga	SAGA LN	+0.00
Shoe Zone	SHOE LN	+5.62
Spotless Group Holdings	SPO AU	+7.19
Stabilus	STM GR	+8.80
SunEdison Semiconductor	SEMI US	+19.62
Superior Drilling Products	SDPI US	+12.25

focus was on the IPO of China-domiciled e-commerce firm JD.com (JD US) which closed the week just +5.79% above its raised final offering price. U.S. domiciled deals continued to excel (CMRX US, PE US, SEMI US, SDPI US).

Notable Global IPOs lined up:

Company Name	Identifier	IPO Date
First Foundation	FFWM US	05/28
PrairieSky Royalty Ltd.	PSDK CN	05/28
Hengzeng Gold Holding Co.	2303 HK	05/29
7-Eleven Malaysia Holdings	SEM MK	05/29

Amid the shortened U.S. trading week, only few IPOs worldwide are expected launch, with a focus on energy firm PrairieSky (PSDK CN) and 7-Eleven Malaysia (SEM MK).