The IPOX® Week

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Summary

Global equities extended their rally into a second week on continued asset allocation shifts into global equities. China-linked exposure rose anew. Alternative Beta exposure, such as IPOX, outperformed significantly. Ahead of more H.K. IPOs, most IPOs debuted strongly.

[Week 01/16/2012]

Highlights

- **Global equities continued to rally for a second week**, supported by big strength in emerging (China-linked) exposure ahead of the Chinese New Year. Muted U.S. economic numbers and downgrades of European debt pressured developed markets towards week-end.
- **Most IPOX Strategy Portfolios displayed relative strength:** Alternative Beta strategies such as IPOX led the continued up-move in global equities: For example, the IPOX Global 50 (IPGL50) rose +2.85% to +2.86% YTD, outperforming benchmark MSCI World (MXWD) by a massive 182 bps. on the week. The performance within the IPOX Regional Strategy universe confirmed the big relative strength: In the *United States*, the IPOX U.S. universe (ETF: FPX) rose +2.46% to +3.71% YTD, a 263 bps. outperformance vs. the S&P 500 (SPX). *In Europe*, the IPOX Europe 50 (IPXUJPEU) rose +1.69% to +4.25%, a 182 bps. outperformance vs. benchmak Stoxx 50 (SX5P), while other IPOX Strategy portfolios met their respective benchmarks.
- **Individual large-caps** with most upside focus were Cobalt International Energy (CIE: +17.57%), Avago Technologies (AVGO: +11.52%), United Co. Rusal (486 HK: +10.78%), Ag Bank of China (1288 HK: +9.34%), Prada (1913 HK: +8.50%), General Motors (GM: +5.98%) or hospital group HCA Holdings (HCA: 6.98%). Another big drop in 2008 Japanese IPO social networker Green (3632 JP: -10.59%) - valuation yardstick for U.S. social networkers - re-enforces our caution about current pre-IPO valuations of U.S. social networker Facebook. Electric car maker Tesla (TSLA: -15.31%) slumped as design directors resigned from their posts.

Alternative Beta - Key IPOX Strategy Returns YTD:

Ticker (BBG/Reuters)	Return Week (%)	YTD 2012 (%)	Name
IPGLC (USD)	2.90	3.29	IPOX Global Comp
IPGL100 (USD)	2.51	2.32	IPOX Global 100
IPGL50 (USD)	2.85	2.86	IPOX Global 50
IPGL30 (USD)	2.05	1.85	IPOX Global 30
IPXO (USD)	2.46	3.71	IPOX U.S. 100
IPXT (USD)	1.32	2.40	IPOX U.S. 30
IXTE (EUR)	1.22	3.82	IPOX Europe 30
IPXUJPEU (EUR)	1.69	4.25	IPOX Europe 50
IPTA (USD)	3.06	1.54	IPOX Asia-Pac. 30
IPXUEM (USD)	4.34	5.48	IPOX Emerging Mkts.
IPXUBRIC (USD)	5.58	3.98	IPOX BRIC 25
IPXUCHCP (USD)	6.33	4.57	Chin IPOX Comp.
CNI (USD)	6.96	2.82	China IPOX 20
IPXUCAUP (USD)	3.81	0.70	China IPOX Comp.
IPXULATT (USD)	3.98	5.41	IPOX LatAm 20
IPXK30K (KRW)	-0.38	-0.95	IPOX Korea 30

- **In IPOX corporate actions,** we note the 4th takeover within the IPOX U.S. 100 universe since August 2011: BankUnited (BKU: +6.16%) surged after putting itself up for sale, contributing to strength and surging volume in the IPOX-linked First Trust U.S. IPO Fund (ETF: FPX).
- **Most significant IPOs launched (week 01/09/2012):**

Company	Ticker	Return / IPO (%)
Shandong Sinocera Functional	300285 CH	1.88%
Shanghai Acrel Co Ltd	300286 CH	17.07%
Huazhong Holdings Co Ltd	6830 HK	10.00%
Huili Resources Group Ltd	1303 HK	0.00%
Kai Shi China Holdings Co Ltd	1281 HK y	14.44%
PC Partner Group Ltd	1263 HK	-2.50%
Tiphone Mobile Indonesia Tbk	TELE IJ	3.23%
Jiangsu Transportation	300284 CH	-14.51%
Wenzhou Hongfeng Electrical	300283 CH	21.00%
ETS Group Ltd	8031 HK	0.00%
Minna Padi Investama Tbk PT	PADI IJ	49.37%

11 global IPOs launched last week with the average (median) IPO gaining +9.09% (+3.23%). Initial sentiment in the respective markets reflected strength in the underlying benchmarks: While the H.K. IPOs produced another week of solid initial gains, most upside focused remained on red-hot Indonesian IPOs with diversified Financial Minna Padi (PADI IJ: +49.37%) and Tiphone Mobile (TELE IJ: +3.23%) confirming the big momentum for South East Asian IPOs.

- **Week Ahead (01/16/2012): Asia in focus anew**

Company	Code	Country	Lead Manager
ASR Holdings Ltd	1803 HK	H.K.	Oriental Patron
Sjec Corp	601313 CH	Shanghai	Huatai United
Allied Cement	1312 HK	H.K.	Sun Hung Kai
Falkland Oil & Gas	FOGL LN	U.K.	JEFF, ORIEL
Renewable Energy	REGI US	U.S.	PJC, UBSINV
Vision Fame	1315 HK	H.K.	CHINEB
Dong-A Pharm	140410 KS	Korea	JPM, UBSINV
Megalogic Tech.	8242 HK E	H.K.	AMPLE

Ahead of the Chinese New Year, another four micro/small-cap H.K./Korean IPOs are lined up for trading. Given the positive momentum amongst the recent slew of small-cap IPOs, we expected a successful debut of the respective H.K./Korean deal. Piper/UBS-led P/E backed alternative energy solutions service provider Renewable Energy kicks off the 2012 U.S. IPO calendar.

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