The IPOX® Week

www.ipoxschuster.com edited by Josef Schuster

Summary

During another week of no Greek debt deal, global equities rose as FED action caused yields and the U.S. dollar to fall. Alternative Beta strategies such as IPOX outperformed strongly. With Facebook Inc. entering the U.S. IPO pipeline and IPOs well received, 8 U.S. IPOs are set for public debut.

[Week 01/30/2012]

Highlights

- **Global equities extended the rally into the 4th week**, as interest rates fell and the dollar slumped on the muted long-run growth forecast now implied by the FED. Emerging- and China-linked markets continued to close last year's relative performance gap.
- **Plunging global risk leaves IPOX Alternative Beta strategies on Top**: The IPOX Alternative Beta Strategy Portfolios rose sharply vs. the benchmarks with the IPOX Global 50 (IPGL50) gaining +2.51% to +8.52% YTD, outperforming benchmark MSCI World (MXWD) by a massive 147 bps. Performance within the IPOX Regional Strategy universe confirmed the global picture: In the *United States*, the IPOX U.S. universe (ETF: FPX) rose +1.16% to +6.85% YTD, beating the S&P 500 (SPX) by 109 bps. *In Europe*, the IPOX Europe 50 (IPXUJPEU) rose +0.84% to +7.00% YTD, a 162 bps. performance jump vs. benchmak Stoxx 50 (SX5P), while the *IPOX Asia-Pacific* 30 (IPTA) rose +3.19% to +8.73% YTD, outperforming the MSCI Asia-Pacific (MXPC) by 128 bps. Upside focus within the IPOX *Emerging Markets* universe remained on the huge rise in the IPOX *Latin America* universe (IPXULATT: +2.61% to 15.13% YTD).
- **Upside focus was on recently listed U.S. IPOs** with online gamer/casino company Zynga (ZYNG: +10.56%), car maker Tesla Motors (TSLA: +10.19%), Ubiquiti Networks (+12.57%), logistics company Swift Transportation (SWFT: +14.16%), alternative energy firm Kior (+19.83%) or Mattress Firm (MFRM: +19.71%) leading the way. Recent Pharma/Bio tech IPOs surged on takeover speculation and news of the pending IPO filing of Facebook Inc. pushed the beleaguered China IPO sector.

Key IPOX Alternative Beta Strategy Returns YTD:

Ticker (BBG/Reuters)	Return Week (%)	YTD 2012 (%)	Name
IPGLC (USD)	2.24	9.06	IPOX Global Comp
IPGL100 (USD)	2.11	7.33	IPOX Global 100
IPGL50 (USD)	2.51	8.52	IPOX Global 50
IPGL30 (USD)	1.85	6.68	IPOX Global 30
IPXO (USD)	1.16	6.85	IPOX U.S. 100
IPXT (USD)	0.67	4.91	IPOX U.S. 30
IXTE (EUR)	0.80	6.25	IPOX Europe 30
IPXUJPEU (EUR)	0.84	7.00	IPOX Europe 50
IPTA (USD)	3.19	8.73	IPOX Asia-Pac. 30
IPXUEM (USD)	2.41	12.15	IPOX Emerging Mkts.
IPXUBRIC (USD)	2.51	12.46	IPOX BRIC 25
IPXUCHCP (USD)	2.75	12.15	Chin IPOX Comp.
CNI (USD)	1.94	9.04	China IPOX 20
IPXUCAUP (USD)	0.00	4.04	China IPOX Comp.
IPXULATT (USD)	2.61	15.13	IPOX LatAm 20
IPXK30K (KRW)	1.54	-0.15	IPOX Korea 30

- **Most significant IPOs launched (week 01/23/2012):**

Company	Ticker	Return / IPO (%)
Verastem Inc	VSTM US	10.90
Wellesley Bank	WEBK US	21.80
Guidewire Software Inc	GWRE US	37.15

With Asia-Pacific deal flow seasonally shut, just 3 global IPOs debuted: The best showing belonged to JPM, CITI and DB-led Guidewire Software (GWRE US), while loss-making biotech Verastem benefitted from a big shift in momentum for U.S. biotechs driven by the recent takeover of IPOX-member PharmAssets (VRUS) by Gilead Sciences (GILD US). Telecom provider IntelePeer (PEER US) postponed.

- **Week Ahead (01/30/2012): Strong U.S. deal flow**

Company	Code	Country	Lead Manager
Dynamic Offshore	DOR US	U.S.A.	CS, DB, UBS
Merrimack	MACK US	U.S.A.	JP Morgan
US Silica Holdings	SLCA US	U.S.A.	BAML, JEFF
AVG Technologies	AVG US	U.S.A.	GS, JPM
Greenway Medical	GWAY US	U.S.A.	MS, WBC
Matador Res.	MTDR US	U.S.A.	Citi
Cempra Holdings	CEMP US	U.S.A.	COWEN
Platinum Energy	FRAC US	U.S.A.	CITI, JPM
Perfect Shape	1830 HK	H.K.	China Ever.

IPOs in the U.S. will continue to dominate the global IPO deal calendar with a diversified mix of IPOs in *energy/mining* (4), *information technology* (2) and *biotech/health care* (2) lined up. In energy/mining, the IPO of **Dynamic Offshore (DOR US)** is the largest and fundamentally most solid, while Energy service provider **Platinum Energy (FRAC US)** offering almost 50% of the company at the IPO is a clear red flag. GS- and JPM-led Dutch security software maker **AVG Technologies (AVG US)** sells around 15%, envisioning a market-cap of between USD 900m - USD 1bn. At a valuation between 3-4 times total 2011 revenues, the profitable company is attractive, while the IPO of loss-making micro-cap **Greenway Medical Tech. (GWAY US)** is high risk. Biotech's **Merrimack (MACK US)** and micro-cap **Cempra (CEMP US)** round up the U.S. IPO deal calendar. Both companies have no revenues. H.K. IPO **Perfect Shape (1830 HK)** follows on the 10/2011 U.S. IPO of underperformer **Zeltiq Aestetics (ZLTQ US)**. The sharply reduced offering price leaves little immediate downside.

Contact Us:

Global	Josef Schuster	+ 1 312 268 1293
	Mary Lee	+ 1 312 268 1294
Email	josef@ipoxschuster.com	
Website	www.ipoxschuster.com	
Bloomberg	IPOX <GO>	

(c) 2012 IPOX Schuster LLC. IPOX is a registered international trademark of IPOX Schuster LLC. Index of Initial Public Offerings (IPOX) and IPOX Derivatives Patent No. US 7,698,197. Past performance is no guarantee of comparable future performance. Please consider the investment objectives, risks, and charges and expenses of the carefully before investing.