

◆ Summary

While foreign markets consolidated, strength in the U.S. benchmarks propelled the IPOX U.S. to a new historic high. U.S. IPOs dominate the global IPO deal calendar during the upcoming week with three deals representing around USD 5.5 bn of market cap entering the market.

◆ Highlights

- IPOX Strategy Indexes decline, IPOX U.S. closes at record high, IPOX China surges:** A temporary jump in volatility and big weakness amongst key European/Asian stocks slowed the positive momentum in IPOX with the *IPOX Global 50* (IPGL50) shedding -1.00% to +17.14% YTD, underperforming benchmark MSCI World (MXWD) by -31bps. (Relative) losses did not extend across the index universe: In the *United States*, e.g., the IPOX U.S. IPO and spin-off ETF (Ticker: FPX) +0.59% to +17.59% YTD and closed at yet another historic high with YTD spreads vs. benchmark Russell 3000 (ETF: IWV) widening to +800 bps. U.S. pipeline operator and dividend-heavy Kinder Morgan Inc. (KMI: +3.39%) rose to a post-IPO high as shareholders approved the USD 25bn takeover of pipeline operator El Paso (EP: +3.70). Rare-earth miner Molycorp (MCP US: +25.82%) surged after announcing a USD 1.3bn takeover of Canada's Neo Material Technologies Inc. (+25.82%). The *IPOX Europe* universe fell with the IPOX Europe 50 (IPXUJPEU) dropping by -1.60% to +7.86% as 05/2011 IPO Glencore International (GLEN LN: -2.69%) slid. Amid the decline in AIA Group (1299 HK: -6.44%) after the USD 6bn share sale by U.S. parent AIG (AIG US: -5.20%) and weakness in China-linked markets with the Hang Seng Enterprise Index (HSCEI: -4.11%) plunging, relative momentum in the *IPOX Asia-Pacific 30* (IPTA: -0.92%) remained intact as Wynn Macau (1128 HK: +3.58%) and in Australian consumer staple Treasury Wine Estates (TWE AU: +3.06%) rose. We note a +355 bps. move in the IPOX China 20 (CNI) vs. the benchmarks as 10/2011 H.K. IPO Citic Securities (6030 HK: +1.06%) rose to a post-IPO high.

Key IPOX Strategies Returns YTD 2012:

Ticker (BBG/Reuters)	Return Week (%)	YTD 2012 (%)	Name
IPGLC (USD)	-0.99	+15.78	IPOX Global Comp
IPGL100 (USD)	-1.23	+15.95	IPOX Global 100
IPGL50 (USD)	-1.00	+17.14	IPOX Global 50
IPGL30 (USD)	-1.33	+14.50	IPOX Global 30
IPXO (USD)	+0.59	+17.59	IPOX U.S. 100
IPXT (USD)	+0.66	+15.32	IPOX U.S. 30
IXTE (EUR)	-1.56	+6.33	IPOX Europe 30
IPXUJPEU (EUR)	-1.60	+7.86	IPOX Europe 50
IPTA (USD)	-0.92	+17.94	IPOX Asia-Pac. 30
IPXUEM (USD)	-1.70	+18.97	IPOX Emerging Mkts.
IPXUBRIC (USD)	-2.36	+21.28	IPOX BRIC 25
IPXUCHCP (USD)	-1.43	+17.30	Chin IPOX Comp.
CNI (USD)	-0.55	+15.55	China IPOX 20
IPXUCAUP (USD)	-0.60	-12.97	China IPOX Comp.
IPXULATT (USD)	-3.42	+24.88	IPOX LatAm 20
IPXK30K (KRW)	+0.08	+2.19	IPOX Korea 30

[Week 03/12/12]

• Most significant IPOs launched (week 03/05/12):

Company	Ticker	Return / IPO (%)
Multi Commodity Ex. of India	MCX IN	+25.65
Nationstar Mortgage Holdings	NSM US	+4.29

11 IPOs launched last week in the global regions with the average (median) IPO gaining a strong +30.09% (+31.16%). Accessible focus was on the IPO of Multi Commodity Exchange of India (MCX IN: +25.65%), the first exchange IPO since the June 2010 IPO of CBOE (CBOE: -0.91%). Its solid debut should support the upcoming IPO of Kansas-City based BATS (BATS). Mortgage provider Nationstar Mortgage (NSM: +4.29%) was the only U.S. IPO.

• Week Ahead (03/12/2012): U.S. IPOs to dominate

Company	Code	Country	Lead Manager
Demandware Inc	DWRE US	U.S.	Deutsche Bank
M/A-COM Tech	MTSI US	U.S.	JEFF, JPM
Allison Transm.	ALSN US	U.S.	CITI, CS, GS

U.S. IPOs are set to dominate the accessible global deal calendar during the upcoming week. We expect continued indiscriminately strong positive feed-back demand for deals in small/mid-caps in specialty industries. Amongst the biggest beneficiaries of this market condition will be GS/Deutsche-Bank-led **Demandware (DWRE US)**, a provider of e-commerce solutions. Founded in 2004, the VC-backed company has seen a proportional increase in revenues and sales, but no consistent profit, over the past years, typical of many small-cap IPOs. It plans to offer an above-average 19.64% of shares outstanding, valuing the company at between USD 350m-410m or 6.19-7.19 times 2011 revenues. Demandware's founder was also founder of Germany's Intershop (ISH2 GY), one of the most notorious boom-bust IPOs of Germany's "Neuer Markt". VC-backed **M/A-Com Technology Solutions (MTSI US)** is a mature and profitable provider of high performance analog semiconductor solutions. With Q4/10-Q411 revenues declining, it offers a low 12.28%, valuing the company between 769m and 860m, with 65% of proceeds being earmarked for a "special preference payment" to holders of class B convertible preferred stock. The prospectus values the company at between 2.48-2.77 times 2011 revenues. Transmission maker **Allison Transmission (ALSN US)**, a former operating unit of General Motors (GM: -3.14%), is a pure private-equity exit with shareholders offering 11.99%, seeking to raise USD 478m-521m and valuing the company between USD 4.0-4.5bn. The pricing sentiment should benefit from the turnaround in U.S. automakers and strong post-IPO returns in Delphi Automotive (DLPH US) which has gained +44.68% since its November 2011 re-IPO.