

The IPOX® Week

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◆ Think IPO – Think IPOX

- Plunge in volatility propels IPOX to record high. Spin-Offs contribute to strong showing.
- AUMs and trading volume in the IPOX-linked *First Trust U.S. IPO Fund* (ticker: *FPX*) surge, weekly AUM flow close to USDm 40.
- Amid strong sentiment, more U.S. IPOs on the way.

[Week: 10/21/2013]

IPOX Indexes rise to record as volatility plunges on DC

action: The IPOX Indexes were the main beneficiary of declining risk following the resolution of DC woes and solid international economic data. Amid a plunge in the *CBOE Volatility Index (VIX IND: -17.05%)*, the *IPOX Global 50 (IPGL50)* rose +3.62% to +22.79%. Strength in the index - which measures the “going public” effect of currently USD trillion 1.11 of market cap. pooled by the largest and most liquid 50 global IPOs and Spin-offs over the past four years - was driven by exposure to firms domiciled in the U.S. and Asia-Pacific: Here, notable movers included the Macau-traded casino complex with USDbn 60.30 *Sands China* (19.28 HK: +12.48%), USDbn 21.14 *Wynn Macau* (1128 HK: +11.27%) or USDbn 13.29 *MGM China* (2282 HK: +8.04%) leading the way, while recent addition H.K. luxury jewelry chain USDbn 16.33 *Chow Tai Fook* (1929 HK: +8.21%) continued its strong run. Spin-offs contributed to the big performance jump with U.S. drug maker USDbn 76.62 *Abbvie Inc.* (ABBV US: +5.87%) and U.S. refiners *Goldman-Sachs* (GS US: -0.82%) pick USDbn 22.15 *Marathon Petroleum* (MPX US: +5.19%) and USDbn 38.79 *Phillips 66* (PSX US: +5.92%) in focus. The *IPOX Global 50 (IPGL50)* counted ever-volatile energy explorer USDbn 9.43 *Cobalt International* (CIE US: -4.93%) as its worst weekly performer.

Amid record inflows, the IPOX-linked First Trust U.S. IPO

ETF (ticker: FPX) closes at historic high: Tied to the broad USDbn 869.21 *IPOX-100 U.S. Index (IPXO)*, the *First Trust U.S. IPO ETF* (ticker: *FPX*) surged last week and outpaced the ETFs tracking the *S&P 500 (SPY)*, *Russell 2000 (IWM)* or *S&P Mid-Cap (MDY)* by a significant +122 bps., +85 bps., and +144 bps. Amid strategic asset allocation shifts into the five-star rated, seven-year-old fund, weekly AUM inflows approached USDm 40 with trading volume at a record. 80/100 companies in the underlying *IPOX-100 U.S. (IPXO)* traded flat to higher on the week, with the average (median) equally-weighted index member gaining +2.67% (+2.57%), significantly less than the applied market-cap weighted index. Performance drivers included the aforementioned dividend-heavy recent large-cap health care and energy Spin-offs (*ABBV US*, *PSX US*, *MPC US*, *WPX US*), as well as a diversified set of small- and mid-cap IPOs with USDbn 4.97 internet radio provider *Pandora Media* (P US: +13.13%) and USDbn 3.17 *Spirit Airlines* amongst the stand-outs (*SAVE US*: +10.07%).

IPOX Returns (%) (select Indexes)	Week	Sep 13	YTD 13
IPOX Global 50 (IPGL50) (USD)	3.62	5.45	22.79
IPOX Global 30 (IPGL30) (USD)	4.34	6.49	28.96
IPOX-100 U.S. (IPXO) (USD)	3.63	5.63	38.88
IPOX-30 U.S. (IPXT) (USD)	3.49	4.87	35.56
IPOX Europe 50 (IPXUJPEU) (EUR)	2.34	5.22	16.49
IPOX Europe 30 (IXTE) (EUR)	2.27	4.89	15.59
IPOX Asia-Pacific 30 (IPTA) (USD)	3.58	5.87	21.22
IPOX China 20 (CNI) (USD)	1.29	4.48	10.12
IPOX China Cp. (IPXUCHCP) (USD)	3.82	5.85	13.76

Strong reception to global IPO offerings, small-cap U.S. specialty deals with most initial upside:

Nine significant global IPOs commenced trading last week with the average (median) equally-weighted IPO gaining a strong +33.89% (+10.00%) based on the difference between the final offering price and the week’s close. Key larger-cap deals debuted notably mixed, indicated by the performance of low-yielding U.S. MLP *Plains GP* (*PAGP US*: -0.45%), Malaysia’s second largest port operator *Westport* (*WMPRTS MK*: +6.00%) or Mexico’s leading dairy producer *Grupo Lala* (*LALA MX*: +6.36%). Positive sentiment for deals raising small amounts in specialty industries continued unabated and extended to the respective deal flow in H.K. We note a big divergence in pre-IPO pricing dynamics in the two U.S. deals in “hot” industries: While specialized cloud-software provider and *Morgan Stanley* (*MS US*: +6.23%)-led *Veeva, Inc.* (*VEEF US*) raised its range and priced on top with the stock ending +121.05% higher on the week, bankers priced profitable German-domiciled 3D-printing firm *Voxeljet* (*VJET US*) at the low-end with the company ending its first week of trading with a gain of +121.54%, respectively.

Company Name	Identifier	Return (%)
ADMA Biologics, Inc.	ADMA US	0.35
Plains GP Holdings, L.P.	PAGP US	-0.45
Springleaf Holdings, Inc.	LEAF US	18.82
Veeva, Inc.	VEEV US	121.95
Voxeljet AG	VJET US	121.54
Westports Malaysia Bhd.	WMPRTS MK	6.00
Grupo Lala SAB	LALA MX	6.36
Ngai Shun Holdings Limited	1246 HK	20.43
IGG Inc.	8002 HK	10.00

More IPOs - all in the U.S. - are lined up for the upcoming week: Please see the second page of The IPOX Week for detailed information.

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◆ Notable global IPO deal flow (Week: 10/21/2013):

Company	Code	Date	
Endurance International Group Holdings	EIGI US	10/22	Information Technology
Goldman Sachs-led established global provider of cloud-based solutions designed to help small- and medium-sized businesses, establish, manage and grow their businesses. Founded in 1997, the firm offers 18.19%, seeking to raise between USDm 328-374 with an unusually large portion of the proceeds (ca. 75%) earmarked to reduce debt with the remaining proceeds going to pay for a defined acquisition and working capital purposes. Within the indicated range, the strongly growing and profitable firm is valued at between 7.17-8.20 times revenues reported during the previous fiscal year.			
Aerie Pharmaceuticals, Inc.	AERI US	10/25	Health Care
RBC-led firm is a clinical-stage high-risk pharmaceutical company focused on the discovery, development and commercialization of first-in-class therapies for the treatment of patients with glaucoma and other diseases of the eye. Loss-making with no significant revenues, the firm seeks to command a total market cap. between USDm 243.89-284.54 by offering 25.83% with proceeds earmarked for Research & Development (R&D).			
CommScope, Inc.	COMM US	10/25	Telecommunication Services
JP-Morgan-lead company is an established leading global provider of connectivity and essential infrastructure solutions for wireless, business enterprise and residential broadband networks. The company experienced stagnant growth and has a mixed profitability record over the past years. Seeks to raise between USDm 692.31-807.69 for a 20.72% stake, valuing the firm at between USDbn 3.34-3.90 or ca. one time 2013 revenues. 20% of the proceeds are earmarked to go to selling shareholders, with the remainder going to reduce indebtedness. The firm does not intend to pay a dividend in the foreseeable future.			
Sprague Resources, L.P.	SRLP US	10/25	Energy
Barclays-led firm is a Delaware limited partnership engaged in the purchase, storage, distribution and sale of refined petroleum products. The firms predecessor was founded in 1870 and has stored, distributed and marketed petroleum-based products for over 50 years. Seeks to raise between USDm 161.50-178.50 with an expected USD 1.65 per unit p.a. distribution, equal to an attractive dividend yield between 7.86%-8.68% p.a.			