

The IPOX® Week

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◆ Think IPO – Think IPOX

- IPOX-linked U.S. IPO ETF (ticker: FPX) consolidates, AUMs surge to record.
- IPOX Indexes covering Global, EU, Developed Asia and China exposure fall in tandem with benchmarks.
- Busy IPO market extends to third week as more deals are lined up.

[Week: 09/30/2013]

Post-expiration, the IPOX-linked U.S. IPO ETF (ticker: FPX) consolidates, beats the S&P 500 (SPX), AUMs surge anew:

The 100-company-strong USDbn 840 IPOX U.S. 100 (IPXO) - which serves as the underlying for the 5-star/5-year USDm 161.7 (a new high) U.S. IPO Fund ETF (ticker: FPX) - fell by 0.38% to +34.41% YTD last week, outperforming the S&P 500 for a fourth week in a row. Exposure to generational large-cap growth stocks yet untracked in the S&P 500 including USDbn 109.6 social networker *Facebook Inc.* (FB US: +7.65%) or USDbn 23.2 *Tesla Motors* (TSLA US: +4.07%) was able to mitigate the impact of big weakness in some of the previous week's strong performers including IPOX heavyweight drug maker USDbn 70.2 *ABBVIE Inc.* (ABBV UN: -7.34%), biotech USDbn 1.8 *Clovis Oncology* [after Bloomberg reported its investment bank failed to find a buyer] CLSV UW: -18.85% or casino stock USDbn 2.5 *Caesars Entertainment* [after announcing a big secondary offering] CZR UN: -13.06%). 56/100 companies in the IPOX U.S. 100 fell on the week, with the average equally-weighted index member declining by 0.68%, 30 bps. more than the applied market-cap weighted index. In accordance with index rules, changes to the IPOX U.S.100 became effective following Futures & Options expiration Friday. Notable index turnover activity included the exclusion of USDbn 1.8 *Evertec Inc.* (EVTC US: -4.35%), USDbn 3.5 hardware provider *Fortinet* (FTNT US: -4.09%), telecom services provider USDbn 1.6 *Interxion* (INXN US: -5.43%), IT Services provider *Medidata Solutions* (MDSO US: -2.41%), consumer staple USDbn 1.4 *Post Holdings* (POST US: -4.37%) and luggage manufacturer *TUMI Holdings* (TUMI US: -6.13%). Replacement stocks included Chicago-based USDbn 4.1 *CDW* (CDW US: +4.76%), Industrials USDbn 4.6

IPOX U.S.100 (IPXO) Q3/13 Changes	Corporate Action	Performance (%)
EVERTEC INC	IPOX U.S. 100 Exclusion	-4.54
FORTINET INC	IPOX U.S. 100 Exclusion	-4.09
INTERXION HOLDING NV	IPOX U.S. 100 Exclusion	-5.42
Medidata Solutions Inc	IPOX U.S. 100 Exclusion	-2.41
POST HOLDINGS INC	IPOX U.S. 100 Exclusion	-4.37
TUMI HOLDINGS INC	IPOX U.S. 100 Exclusion	-6.13
CDW CORP/DE	IPOX U.S. 100 Addition	4.76
FRANK'S INTERNATIONAL NV	IPOX U.S. 100 Addition	1.42
INTELSAT SA	IPOX U.S. 100 Addition	-0.37
MALLINCKRODT PLC	IPOX U.S. 100 Addition	1.21
STARZ - LIBERTY CAPITAL	IPOX U.S. 100 Addition	3.97
Swift Transportation Co	IPOX U.S. 100 Addition	0.45

Frank's International (FI US: +1.42%), USDbn 1.8 *Swift Transportation* or specialty pharma stock USDbn 2.5 *Mallinckrodt* (MNK US: +1.21%). Due to this corporate action, the average (median) company size in the IPOX U.S.100 increased from USDbn 8.38 (USDbn 3.84) to USDbn 8.40 (USDbn 4.00).

IPOX Returns (%) (select Indexes)	Week	Aug 13	YTD 13
IPOX Global 50 (IPGL50) (USD)	-0.23	0.53	17.98
IPOX Global 30 (IPGL30) (USD)	-0.05	1.28	23.33
IPOX U.S. 100 (IPXO) (USD)	-0.38	-0.43	34.41
IPOX U.S. 30 (IPXT) (USD)	-0.37	0.23	31.18
IPOX Europe 50 (IPXUJPEU) (EUR)	-0.09	0.17	15.24
IPOX Europe 30 (IXTE) (EUR)	-0.13	-0.79	14.80
IPOX Asia-Pacific 30 (IPTA) (USD)	-0.05	-0.88	15.20
IPOX China 20 (CNI) (USD)	-1.15	5.72	4.41
IPOX China Cp. (IPXUCHCP) (USD)	-0.22	2.26	5.02

IPOX Indexes covering the global regions consolidate in tandem with benchmarks:

The IPOX Regional Indexes consolidated just marginally across the board after the big run-up during the previous week. Notable is the renewed decline in Australia's USDbn 2.7 wine producer *Treasury Wine Estates* (TWE AU: -6.11%). It's CEO quit, following a revised growth forecast and in the aftermath of the write-down/destruction of USDm 160 of inventory linked to its US inventory. IPOX China heavyweight USDbn 4.2 baby food maker *Biostime International* (1112 HK: +8.78%) surged to the highest level on record. In IPOX corporate actions, note share splits linked to two key holdings in IPOX Asia-Pacific and IPOX Japan: *Dai-Ichi Life* (8750 JP), *Calbee* (2229 JP).

Initial Pricing action remains solid:

14 notable IPOs debuted last week, with the average (median) IPO gaining +18.73% (+11.60%) based on the difference between the final offering price and the week's close. All scheduled U.S. deals got done with most upside focus in specialty deals, underlying the powerful momentum and risk appetite driving the U.S. IPO market. The key Honk Kong deals (1373 HK, 6863 HK) traded virtually unchanged on the week.

Company Name	Identifier	Return (%)
Foundation Medicine Inc.	FMI US	98.10
Applied Optoelectronics Inc.	AAOI US	1.00
Covisint Corp.	COVS US	26.30
CT Environmental Group Ltd.	1363 HK	-15.54
International Housewares Retail Co.	1373 HK	0.00
Montage Technology Group	MONT US	51.50
Ophthotech Corp.	OPHT US	32.60
Enzymotec Ltd.	ENZY US	29.70
Pattern Energy Group Inc.	PEGI US	5.80
Premier Inc.	PINC US	17.40
RingCentral Inc.	RNG US	40.00
Violin Memory Inc.	VMEM US	-22.00
Evoke Pharma Inc.	EVOK US	0.30
China Huishan Diary Holding	6863 HK	-3.00

More IPOs lined up for the upcoming week: A diversified set of significant firms are scheduled to go public during the upcoming week:

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◆ Notable global IPO deal flow (Week: 09/30/2013):

Company	Code	Date	
Burlington Holdings Inc.	BURL US	10/02	Retails Apparel
JP Morgan, MS, GS-led retailer of branded apparel with a physical and virtual store network pursuing a capital structure deal. Seeks to sell 18.61% of the slowly growing firm at between 0.24-0.28 times expected 2013 revenues with proceeds earmarked to pay down debt. The company does not expect to distribute a dividend in the foreseeable future.			
Potbelly Corporation Inc.	PBPB US	10/04	Sandwich Makers
BofA, GS-led Chicago-based operator of mid-end sandwich shops founded in 1977. Seeks to sell 26.78% of the moderately growing firm at between 0.92-1.12 times expected 2013 revenues, which is significantly lower than specialty food providers. Most of the proceeds are earmarked for a one-time USDm 49.9 special dividend going to current common and preferred stockholders.			
OCI Partners L.P.	OCIP US	10/04	Methanol and Ammonia
The BofA-led firm is Delaware limited partnership formed in February 2013 to own and operate a recently upgraded, integrated methanol and ammonia production facility that is strategically located on the Texas Gulf Coast near Beaumont. Offers 21.74% common units at an expected market cap between USDbn 1.5-1.7 with proceeds partially earmarked to decrease leverage. While the management is committed to distribute 100% cash to unit holders, the distribution amount may vary significantly over time.			
RE/MAX Holdings Inc.	RMAX US	10/04	Real Estate Brokers
Founded in 1973, the firm is one of the world's leading franchisors of real estate brokerage services. Led by MS/BofA and J.P. Morgan, RE/MAX Holdings aims to raise between ca. USDm 190-210 for 33.62% of the firm with proceeds going to reacquire regional RE/MAX franchise rights and to redeem other outstanding membership units. The IPO is play on the continued recovery in the U.S. housing market. In the middle of the range, the stock is expected to yield 1.10% p.a.			
Forgame Holdings	484 HK	10/03	Computer Games
Fast-growing, No. 1 webpage developer in China founded in 2009. The MS/J.P. Morgan/Macquarie-led IPO was expected to price at HKD 51.00, the upper end of the HKD 43.50-55.00 range and raising HKDbn 1.6 in the process, valuing the firm at ca. HKDbn 6.4 and a moderate 6.5 times 2012 revenues. The deal provides an interesting diversification opportunity in H.K. IPO deal flow which has been dominated by non-technology firms. Proceeds are earmarked for expanding the company's operating personnel, R&D and for general working capital purposes.			