

◆ THINK IPO – THINK IPOX®

- **IPOX Indexes** weaken anew as **Russell 2000** enters bear market. **AbbVie** (ABBV US) drives big relative gain in the **IPOX U.S. 100 Index** (IPXO) towards week-end.
- Hong Kong IPOs celebrate solid first week. What's driving the H.K. IPO surge?

IPOX Indexes weaken anew as **Russell 2000** (RUT) enters bear market. **AbbVie** (ABBV US) drives big relative gain in the **IPOX U.S. 100 Index** (IPXO) towards week-end. The **IPOX Indexes** continued to weaken as asset allocation selling of global equities continued unabated, the desolate **Russell 2000** (RUT: -3.68%) entered a bear market and oil hit another multi-year low. On the global level, e.g., the **IPOX Global 50** (IPGL50) – gauge for the performance of the most liquid and largest globally accessible IPOs and Spin-Offs – declined by -3.10% to -9.69% YTD, lagging the global benchmark for the second week in a row. IPOX-linked **Exchange-Traded-Funds** (ETFs) remained under pressure: On the international level, e.g., the **First Trust International IPO Fund** (FPXI) fell to -9.54% YTD, while the 5-star, IPOX-linked **First Trust U.S. IPO Fund** (FPX) declined to -10.11% YTD, in line with the benchmarks. Amid the jump in IPOX-heavyweight IL-based drug maker **AbbVie** (ABBV US: +3.04%) on its big Humira-related patent win, the **IPOX U.S. 100 Index** (IPXO) recorded a notable relative performance jump towards the week-end, indicative of stabilization ahead. Other positive movers included clothing retail store operator **Burlington Stores** (BURL US: +16.16%), utility **One Gas** (OGS US: +5.93%) and Buffett-backed IPOX heavyweights consumer staple BK/Tim Horton tie-up **Restaurant Brands** (QSR US: +5.19%) and refiner **Phillips 66** (PSX US: +4.33%). Select small- and mid-caps plunged, including alternative energy/global warming play **Solarcity** (SCTY US: -27.88%), consumer Financial **OneMain** (OMF US: -16.62%) or cruise line operator **Norwegian Cruise Lines** (NCLH US: -13.17%). In all, 82/100 stocks in the **IPOX U.S. 100** (IPXO) declined on the week, with the average (median) portfolio holding falling -3.77% (-3.73%), -100 bps. worse than the applied market-cap weighted **IPOX U.S. 100 Index** (IPXO).

Hong Kong IPOs celebrate solid first week. What's driving the H.K. IPO surge? Amid the big turmoil in global equity markets, 5 accessible global IPOs commenced trading last week, with most companies debuting on the Hong Kong Stock Exchange and all respective deals closing above their final offering prices. The week's largest IPOs, the IPO of USD million 935 Mainland China real estate developer **Ronshine China Holdings** (3301 HK) and USD million 930 education services provider **Verscend Education** (1565 HK) and their respective listing in a difficult market environment underpinned the strong momentum in China-linked small-cap IPO issuing activity in Hong Kong and Taiwan. Table 1 sheds light on the drivers behind the surge in China-linked IPO deal activity in Hong Kong and Taiwan by taking a look at the equally weighted performance of virtually all

[Week: 01/18/2016]

IPOX Returns (%) (P)	Week	2015	YTD 16
Exposure: Global/International (xUS) (USD)			
IPOX Global 50 (IPGL50)	-3.10	0.99	-9.69
IPOX Intern. (IPXI)*	-3.35	-5.85	-8.93
Exposure: United States (USD)			
IPOX 100 U.S. (IPXO)*	-2.74	1.57	-10.12
IPOX 30 U.S. (IPXT)	-2.49	4.91	-10.03
Exposure: Europe (EUR)			
IPOX Europe (IXTE)	-3.91	14.41	-7.88
IPOX Nordic (IPND)	-4.42	23.88	-10.32
Exposure: Asia-Pacific (Developed) (USD)			
IPOX APAC 30 (IPTA)	-2.01	-2.32	-5.66
Exposure: China (USD) (x A-Shares)			
IPOX China 20 (CNI)	-8.29	-9.10	-17.19

*Basis for Exchange-Traded Products (ETPs)

Select IPOs (last week):	ID:	Change*
Gameone Holdings Ltd	8282 HK	200.80
Jujiang Construction Group Co	1459 HK	108.89
Ronshine China Holdings Ltd	3301 HK	2.61
Servicios Corporativos Javer	JAVER* MM	0.11
Vircend Education Co Ltd	1565 HK	1.25

*Percentage difference between final offering price and the week's close

China-linked IPOs taking place since 2012 (433 companies) in 2015, with micro- and small-cap IPOs recording a significant absolute and relative performance jump. (Request the full "IPOX China 2015 Performance Analysis" by contacting info@ipoxschuster.com).

Table 1: What's driving the surge in Hong Kong IPO activity?

Return of China-linked IPOs issued since 2012 in 2015		
Average Return by Listing Exchange (%) (Wealth Relative)		
	2015 (%)	BM*-adjusted
H.K.	+19.48	1.32
U.S.A.	-0.84	1.10
Taiwan	-2.79	1.07
Average Return by Initial Market Cap (USD million)		
0.0 – 55.7	+25.84	1.39
55.8 – 141.1	+44.20	1.59
141.2 – 511.3	+9.64	1.21
511.3 – 170,884	-0.41	1.10

*denotes benchmark-adjusted returns.

Two U.S. IPOs are set to debut during the upcoming week:

IPOs (week of Jan 18):	ID:	Sector
Elevate Credit Inc.	ELVT US	Financials
Shimmick Construction	SCCI US	Industrials