

June 27, 2014

European Issuance Bolsters Global IPO Market

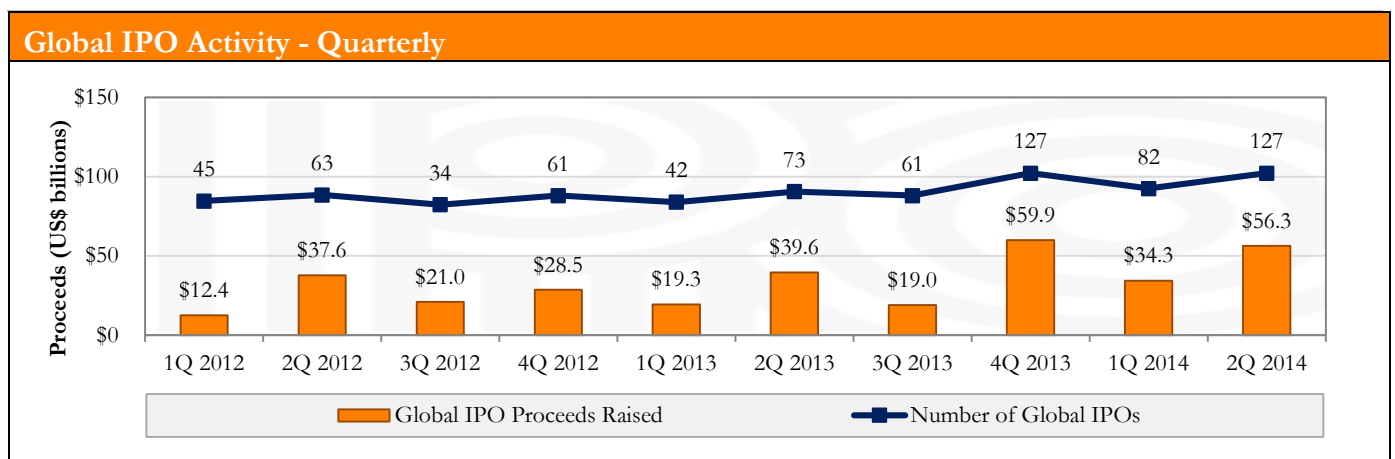
The global IPO market continued its fast start of 2014 in the second quarter. Quarterly proceeds were up 42.4% year-over-year. IPO proceeds in the 2Q14 were led by the European and North American regions, which accounted for 43.7% and 34.9% of quarterly proceeds, respectively. European issuance maintained a rapid pace throughout the quarter as the region continued to recover from the European debt crisis and interest rates remain at record lows. Due to the disappearance of A-share IPOs and poor aftermarket performance in real estate and infrastructure IPOs, the Asia Pacific region's market share contracted in the 2Q14 to just 20.2%. This quarter had the second highest number of billion-dollar IPOs in over three years from a diverse group of sizable companies. Despite weak performance from European IPOs, global IPOs generated an 11.4% average return thanks to the strong performance of North American IPOs. With IPOs outperforming the broader market and economic conditions improving in developed markets, we expect to see strong issuance continue for the remainder of 2014.

Key Takeaways:

- Europe Leads IPO Issuance
- Financial Sector Continues to Dominate IPO Issuance
- Global Returns Boosted by North America
- Health Care and Transportation Lead Sector Returns
- US IPOs Post Best Returns, while European Markets Struggle
- Global IPO Index Outperforms in 2Q 2014

Global IPO Activity - Quarterly						
	2Q 2013	3Q 2013	4Q 2013	1Q 2014	2Q 2014	ΔYoY
Proceeds Raised (US\$)	\$39.6b	\$19.0b	\$59.9b	\$34.3b	\$56.3b	42.4%
Number of Deals	73	61	127	82	127	74.0%
Median Deal Size (US\$)	\$256m	\$252m	\$253m	\$213m	\$311m	21.5%

Source: Renaissance Capital. Global statistics include IPOs with a deal size of at least \$100 million and exclude closed-end funds and SPACs. Data as of June 26, 2014.



Source: Renaissance Capital. Global statistics include IPOs with a deal size of at least \$100 million and exclude closed-end funds and SPACs. Data as of June 26, 2014.

Renaissance Capital is a global IPO investment adviser providing pre-IPO fundamental research and IPO market analytics to institutional investors. Renaissance Capital manages portfolios of unseasoned equities through the *Renaissance IPO ETF* (symbol: IPO), the *Global IPO Fund* (symbol: IPOSX), and separately managed institutional accounts. For more information, visit www.renaissancecapital.com.

Europe Leads IPO Issuance

IPO issuance in the 2Q14 was led by Europe, which accounted for 43.7% of IPO proceeds thanks to a pick-up in issuance across the region. In addition to a spike in IPO activity on the London Stock Exchange, several historically less active exchanges raised significant amounts of proceeds this quarter, including the Bolsa de Madrid (\$2.0 billion) and the Borsa Italiana (\$2.6 billion). With a combined \$24.6 billion raised, 2Q14 had the highest level of proceeds raised in Europe since the fourth quarter of 2007.

Declining issuance continued in the Asia Pacific. Due to the disappearance of A-share IPOs and poor aftermarket performance in real estate and infrastructure IPOs, the Asia Pacific region's market share contracted in the 2Q14 to just 20.2% despite a significant pickup in IPO issuance on the Australian Stock Exchange (\$3.6 billion). North America's IPO boom continued in the 2Q14 and bolstered global IPO proceeds levels with \$19.7 billion raised.

Regional Breakdown - (US\$ Billions)									
Region	2Q 2013			1Q 2014			2Q 2014		
	#	\$	% of \$	#	\$	% of \$	#	\$	% of \$
Asia Pacific	22	\$15.1	38.2%	34	\$14.2	41.4%	36	\$11.4	20.2%
Europe	9	\$4.7	11.9%	21	\$11.8	34.5%	44	\$24.6	43.7%
Latin America	6	\$7.6	19.2%	0	\$0.0	0.0%	1	\$0.5	1.0%
Middle East and Africa	0	\$0.0	0.0%	0	\$0.0	0.0%	2	\$0.1	0.2%
North America	36	\$12.2	30.7%	27	\$8.3	24.1%	44	\$19.7	34.9%

Source: Renaissance Capital. Global statistics include IPOs with a deal size of at least \$100 million and exclude closed-end funds and SPACs. Data as of June 26, 2014.

Exchange Breakdown - (US\$ Billions)									
Exchange	2Q 2013			1Q 2014			2Q 2014		
	#	\$	% of \$	#	\$	% of \$	#	\$	% of \$
NYSE	21	\$8.4	21.3%	18	\$7.2	20.9%	24	\$10.5	18.6%
LSE Main	3	\$1.2	3.0%	9	\$4.2	12.2%	19	\$10.4	18.5%
NASDAQ	11	\$2.7	6.9%	9	\$1.1	3.2%	17	\$7.6	13.6%
Hong Kong Exchange	5	\$3.9	9.8%	8	\$5.5	16.0%	15	\$4.4	7.8%
Australian Exchange	2	\$0.5	1.3%	2	\$0.4	1.1%	9	\$3.6	6.4%
Borsa Italiana	0	\$0.0	0.0%	0	\$0.0	0.0%	4	\$2.6	4.7%
Bolsa de Madrid	0	\$0.0	0.0%	3	\$1.4	4.1%	2	\$2.0	3.6%
Euronext/Paris	0	\$0.0	0.0%	1	\$0.8	2.4%	3	\$1.9	3.4%
Euronext/Amsterdam	0	\$0.0	0.0%	1	\$1.8	5.1%	2	\$1.8	3.2%
Toronto Stock Exchange	4	\$1.0	2.5%	0	\$0.0	0.0%	3	\$1.5	2.7%

Source: Renaissance Capital. Global statistics include IPOs with a deal size of at least \$100 million and exclude closed-end funds and SPACs. Data as of June 26, 2014.

Financial Sector Continues to Dominate IPO Issuance

With \$16.1 billion raised, the financial sector dominated IPO issuance. Activity in this sector was driven by several large IPOs, such as US-based auto loan provider Ally Financial (ALLY, \$2.4 billion), European electronic exchange network Euronext (ENX.FP, \$1.2 billion) and British provider of bond information Markit (MRKT, \$1.3 billion).

The recent global trend of larger IPOs continued as 11 IPOs larger than \$1 billion took place in the second quarter; the second highest number of billion-dollar IPOs since the 4Q10. Billion-dollar IPOs to list in the 2Q14 included British roadside assistance provider Automobile Association (AA.LN, \$2.3 billion) and leading Chinese online retailer JD.com (JD, \$1.8 billion).

Sector Breakdown - (US\$ Billions)									
Sector	2Q 2013			1Q 2014			2Q 2014		
	#	\$	% of \$	#	\$	% of \$	#	\$	% of \$
Financial	23	\$14.0	35.4%	14	\$7.0	20.4%	32	\$16.1	28.6%
Consumer	9	\$7.0	17.8%	14	\$5.0	14.4%	19	\$8.5	15.1%
Energy	5	\$3.1	7.9%	5	\$2.1	6.2%	15	\$7.8	13.8%
Technology	4	\$0.9	2.4%	15	\$6.5	19.0%	18	\$6.4	11.4%
Health Care	8	\$2.5	6.3%	9	\$1.4	4.0%	11	\$2.7	4.8%
Other	24	\$12.0	30.3%	25	\$12.3	35.9%	32	\$14.8	26.2%

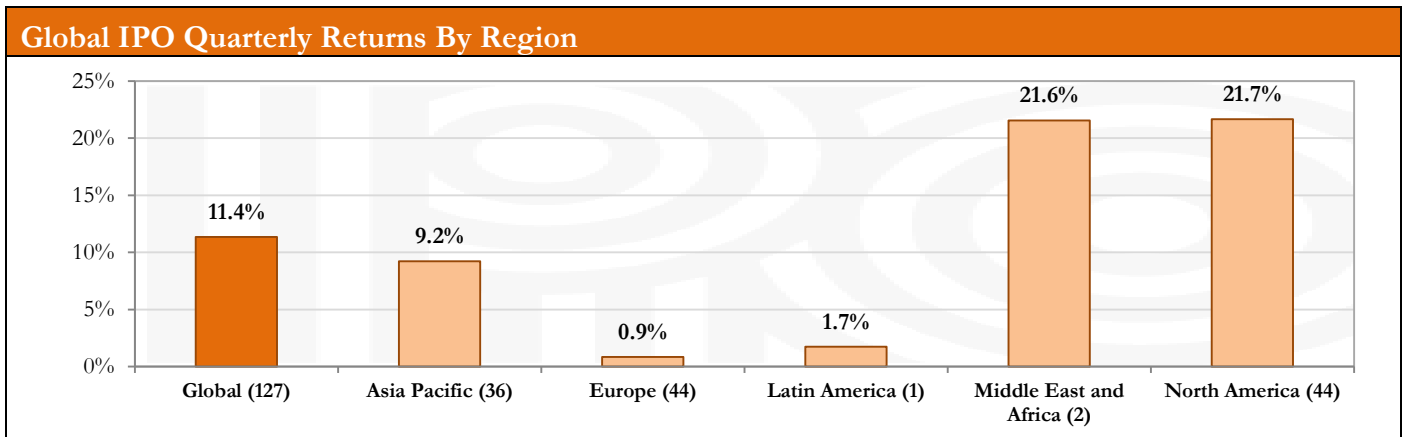
Source: Renaissance Capital. Global statistics include IPOs with a deal size of at least \$100 million and exclude closed-end funds and SPACs. Data as of June 26, 2014.

Largest Global IPOs – 2Q 2014						
Company	Ticker	Exchange	Offer Date	Deal Size (\$ mm)	Industry	Return from IPO
Ally Financial	ALLY	NYSE	9-Apr	\$2,375	Financial	-1.2%
AA (Automobile Association)	AA.LN	LSE Main	23-Jun	\$2,347	Consumer	--
JD.com	JD	NASDAQ	21-May	\$1,780	Technology	48.9%
Appplus Services	APPS.SM	Bolsa de Madrid	8-May	\$1,528	Bus. Services	4.5%
B&M European Value Retail	BMB.LN	LSE Main	12-Jun	\$1,487	Consumer	--
PrairieSky Royalty	PSK.CN	Toronto Stock Exchange	23-May	\$1,336	Energy	36.5%
IMS Health	IMS	NYSE	3-Apr	\$1,300	Bus. Services	26.1%
Markit	MRKT	NASDAQ	18-Jun	\$1,283	Financial	12.4%
China CNR Corp	6199.HK	Hong Kong Exchange	16-May	\$1,216	Transportation	0.4%
Euronext	ENX.FP	Euronext/Amsterdam	19-Jun	\$1,154	Financial	-6.5%

Source: Renaissance Capital. Global statistics include IPOs with a deal size of at least \$100 million and exclude closed-end funds and SPACs. Returns as of June 26, 2014.

Global Returns Boosted by North America

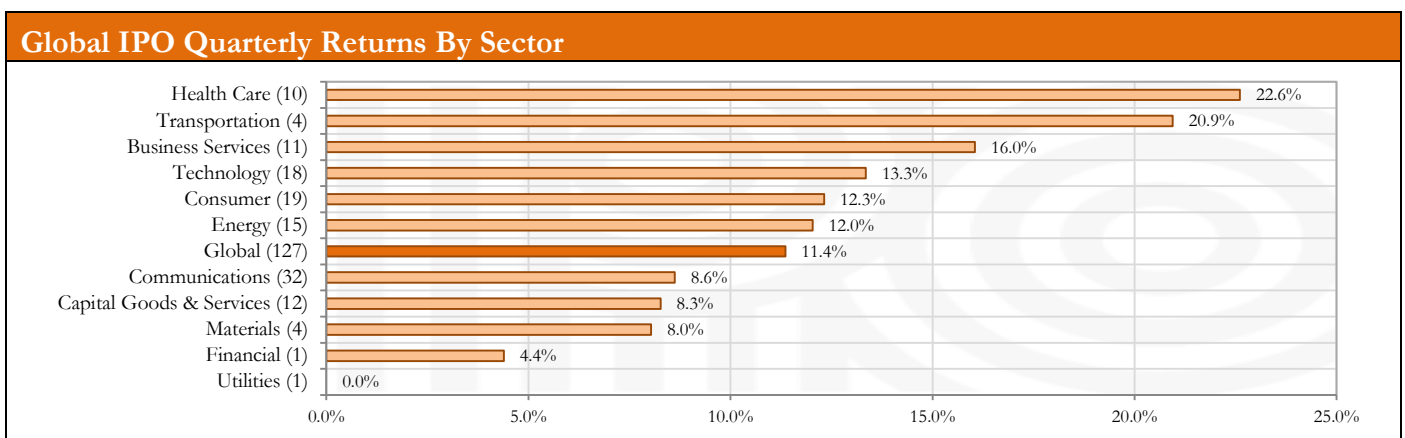
IPO returns were strong once again in the 2Q14, up 11.4% on average. Returns were led by North America, where IPOs rose 21.7% on average. Contributing to North America's strong performance were LNG carrier owner and operator GasLog Partners (GLOP; +65.2%), cancer immunotherapy biotechnology firm Kite Pharma (KITE, +71.9%) and Chinese mobile security app developer Cheetah Mobile (CMCM, +58.4%). Despite a significant improvement in regional issuance, European IPOs had weak performance with an average return of 0.9%.



Source: Renaissance Capital. Global statistics include IPOs with a deal size of at least \$100 million and exclude closed-end funds and SPACs. Returns as of June 26, 2014.

Health Care and Transportation Lead Sector Returns

Health Care and Transportation were the strongest sectors for IPO returns. The Health Care sector benefited from the strong returns of biotechnology companies, including Kite Pharma (KITE, +71.9%) and excess potassium treatment developer ZS Pharma (ZSPH, +52.6%). The Transportation sector had four IPOs in the 2Q14 and benefited from the strong performance of GasLog Partners (GLOP, +65.2%) and liquefied petroleum carrier company Dorian LPG (LPG, +23.5%).



Source: Renaissance Capital. Global statistics include IPOs with a deal size of at least \$100 million and exclude closed-end funds and SPACs. Returns as of June 26, 2014.

US IPOs Post Best Returns, while European Markets Struggle

The US accounted for six of the ten best performing global IPOs this quarter, including GasLog Partners (GLOP), enterprise data center switching provider Arista Networks (ANET) and renewable assets operator Abengoa Yield (ABY). European markets struggled to gain traction with investors in 2Q14. Struggling European IPOs include European travel agencies eDreams ODIGEO (EDR.SM, -48.6%) and Bravofly Rumbo Group (BRG.SW, -30.7%), and Italian renewable energy systems company Ecosuntek (ECK.IM, -26.7%).

Best Performing Global IPOs - 2Q 2014						
Company	Ticker	Exchange	Offer Date	Deal Size (\$ mm)	Industry	Return from IPO
Ichitan Group	ICHI.TB	Stock Exchange of Thailand	18-Apr	\$121	Consumer	94.2%
Kite Pharma	KITE	NASDAQ	19-Jun	\$128	Health Care	71.9%
GasLog Partners	GLOP	NYSE	6-May	\$176	Transportation	65.2%
Joyful Honda	3191.JP	Tokyo Stock Exchange	10-Apr	\$101	Consumer	59.8%
Cheetah Mobile	CMM	NYSE	7-May	\$168	Technology	58.4%
Tarena International	TEDU	NASDAQ	2-Apr	\$138	Bus. Services	55.0%
ZS Pharma	ZSPH	NASDAQ	17-Jun	\$107	Health Care	52.6%
BGF Retail	027410.KS	Korea Exchange	12-May	\$247	Consumer	49.8%
JD.com	JD	NASDAQ	21-May	\$1,780	Technology	48.9%
Arista Networks	ANET	NYSE	5-Jun	\$226	Technology	48.4%

Source: Renaissance Capital. Global statistics include IPOs with a deal size of at least \$100 million and exclude closed-end funds and SPACs. Returns as of June 26, 2014.

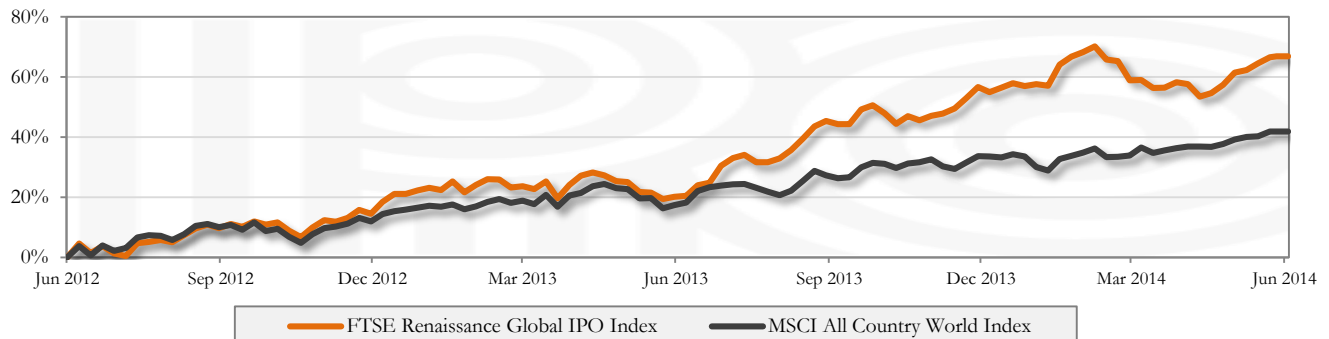
Worst Performing Global IPOs - 2Q 2014						
Company	Ticker	Exchange	Offer Date	Deal Size (\$ mm)	Industry	Return from IPO
eDreams ODIGEO	EDR.SM	Bolsa de Madrid	3-Apr	\$515	Consumer	-48.6%
BAIOO Family Interactive	2100.HK	Hong Kong Exchange	3-Apr	\$196	Technology	-32.1%
Bravofly Rumbo Group	BRG.SW	Swiss Exchange	14-Apr	\$314	Technology	-30.7%
Ecosuntek	ECK.IM	Borsa Italiana	7-May	\$180	Energy	-26.7%
Hang Fat Ginseng Holdings	911.HK	Hong Kong Exchange	26-Jun	\$128	Consumer	-24.2%
Sportsman's Warehouse	SPWH	NASDAQ	16-Apr	\$119	Consumer	-14.2%
Chanjet Technology	1588.HK	Hong Kong Exchange	25-Jun	\$116	Technology	-12.1%
Central China Securities	1375.HK	Hong Kong Exchange	23-Jun	\$194	Financial	-9.2%
Card Factory	CARD.LN	LSE Main	15-May	\$497	Consumer	-8.8%
Saga Group	SAGA.LN	LSE Main	23-May	\$925	Financial	-6.8%

Source: Renaissance Capital. Global statistics include IPOs with a deal size of at least \$100 million and exclude closed-end funds and SPACs. Returns as of June 26, 2014.

Global IPO Index Outperforms in 2Q 2014

The Global IPO Index outperformed global equity benchmarks with a quarterly return of 4.6%, compared to the 3.9% return of the MSCI All Country World Index. Strong contributors included Banco do Brasil's insurance unit BB Seguridade (BBSE3.BZ, +28.6%) and Dutch cable television provider Altice (ATC.NA, +57.7%), oil and natural gas exploration firm Diamondback Energy (FANG, +32.8%) and Brazil's largest independent investment bank BTG Pactual (BBTG11.BZ, +22.8%).

Global IPO Index Performance



	2010	2011	2012	2013	YTD 2014
Global IPO Index	13.8%	-20.6%	15.0%	34.6%	7.3%
MSCI ACWI	10.4%	-9.4%	13.4%	20.3%	3.9%

Note: The FTSE Renaissance Global IPO Index Series represents a rolling two-year population of newly public companies included after the first day of trading and weighted by float adjusted market cap. Returns as of June 26, 2014.

Global IPO Pipeline Growing Steadily

As long as IPOs continue to generate positive returns we expect IPO issuance to remain active for the remainder of 2014. An increasing number of global companies are announcing their intentions to pursue an IPO. Notable companies in our Global IPO Pipeline that we expect to list in 2014 include China's largest e-commerce firm Alibaba Group, British mobile network Everything Everywhere and Chinese commercial lender Bank of Beijing.

Notable Upcoming Global IPOs

Company	Business	Listing Country	Est. Deal Size (\$ mm)
Everything Everywhere	Largest mobile network in the UK.	United Kingdom	\$15,000
Alibaba Holdings	China's largest e-commerce firm.	United States	\$15,000
Algeco Scotsman	UK-based modular home construction company.	United Kingdom	\$6,000
Bank of Beijing	Chinese commercial bank.	Hong Kong	\$4,000
Sany Heavy Industry	Chinese multinational heavy machinery manufacturer.	Hong Kong	\$3,000
Senior Solutions	Brazilian financial services software company.	Brazil	\$3,000
Emaar Group	Arabian shopping mall developer.	Dubai	\$2,500
Zalando	Europe's largest online retailer.	Frankfurt	\$1,300

Source: Renaissance Capital. Global statistics include IPOs with a deal size of at least \$100 million and exclude closed-end funds and SPACs. Data as of June 26, 2014.