

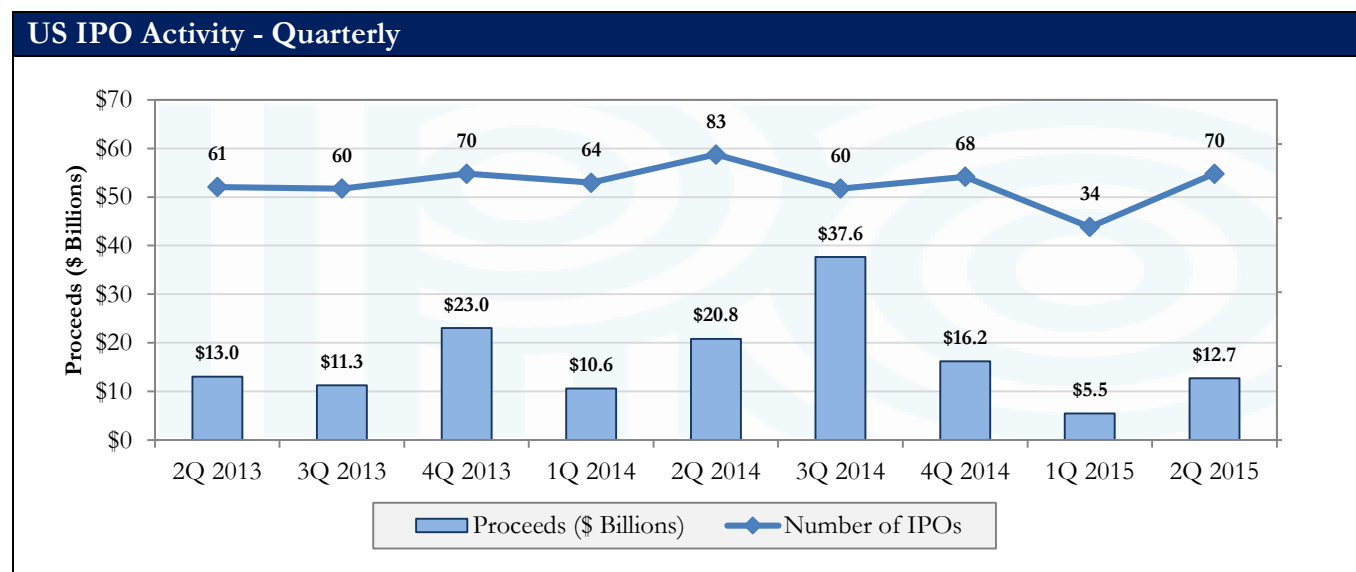
June 30, 2015

US IPO Market Takes Off Again in the Second Quarter

IPO activity more than doubled during the second quarter compared to the slow first quarter, which hit a 2-year low. The 70 IPOs raised almost \$13 billion, and each month this quarter had the year-to-date most IPOs, the most proceeds raised and the most initial filings. Issuance rose across nearly every sector, particularly in technology, consumer, and energy. Tech and energy had uncharacteristically weak performance while consumer was the top sector for returns. Fueled by a continued wave of biotechs, the health care sector has accounted for over one in three IPOs for four quarters in a row. The IPO market offered liquidity for private equity and venture capital alike, which together backed 76% of all offerings. IPOs had a modest increase in first-day returns compared to the past year and continued to trend higher until the final two weeks of the quarter, when average returns fell to a 14% gain amid renewed concerns over Greece's future in the Eurozone. While the second quarter ended with the VIX spiking 50% and the third quarter could see the Fed's first rate hike since 2006, a combination of strong deal flow during the second quarter, a high number of initial filings and generally positive returns signals an active third quarter.

Key Takeaways:

- Number of IPOs and Amount of Proceeds Rebound after a Slow First Quarter
- LBOs and Energy Yield Stocks Pick Up, Lead Largest Offerings
- End-of-Quarter Selloff Drags Down Average Returns to 14%
- Consumer and Health Care Lead IPO Returns; Almost Half of Tech Deals Trade Down
- Private Equity Bounces Back while Venture Capital Remains Active Thanks to Health Care
- New Filings Accelerated Throughout the Quarter



Source: Renaissance Capital. Includes IPOs with a market cap of at least \$50 million and excludes closed-end funds and SPACs. All charts include CFMS, TDOC, CNXC and TDOC, which priced on 6/30 but began trading on 7/1, unless otherwise stated.

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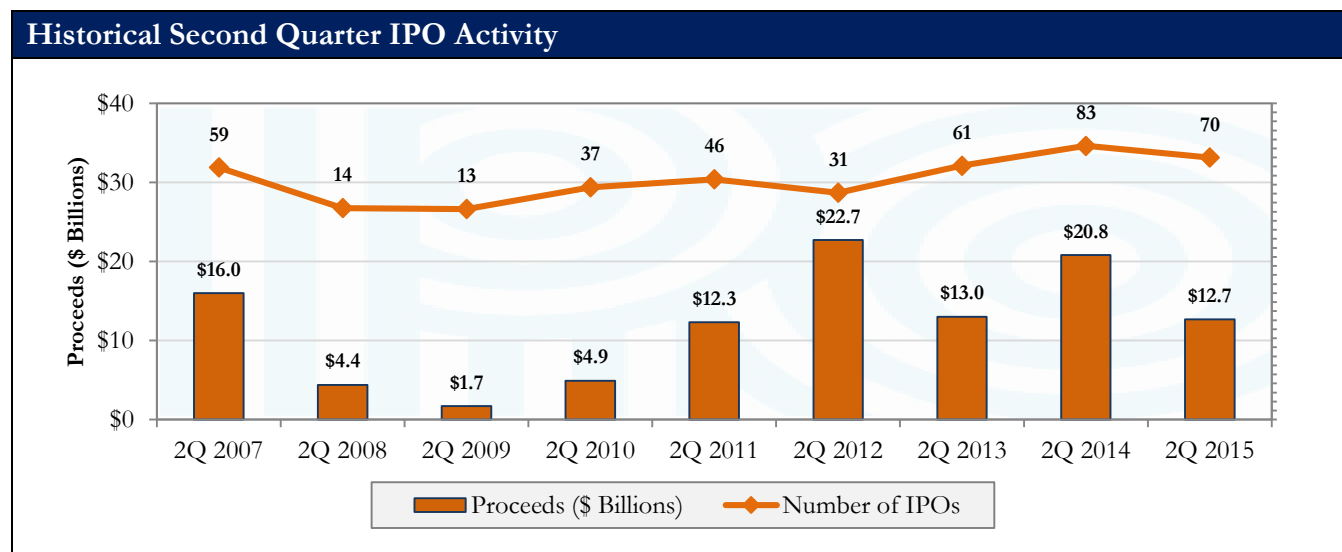
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Key US IPO Statistics					
	2Q 2014	3Q 2014	4Q 2014	1Q 2015	2Q 2015
Number of Deals	83	60	68	34	70
Proceeds Raised (US\$)	\$20.8b	\$37.6b	\$16.2b	\$5.5b	\$12.7b
Median Deal Size (US\$)	\$100.0m	\$94.4m	\$132.8m	\$82.3m	\$100.1m
PE-Backed Deals	19	16	20	5	19
PE-Backed Proceeds (US\$)	\$9.3b	\$4.4b	\$5.1b	\$1.2b	\$4.8b
VC-Backed Deals	29	27	30	17	34
VC-Backed Proceeds (US\$)	\$4.4b	\$23.4b	\$4.4b	\$1.3b	\$3.8b
Performance					
Average US IPO Return	21.2%	19.9%	24.5%	16.8%	14.5%
Avg. First-Day Return	9.0%	13.5%	12.4%	10.6%	17.1%
Avg. Aftermarket Return	11.0%	4.8%	11.1%	4.1%	-0.6%
Renaissance IPO Index	5.4%	-1.5%	1.6%	7.1%	-2.1%
S&P 500	4.7%	0.6%	4.4%	0.4%	-0.2%
Russell 3000	4.4%	-0.5%	4.7%	1.3%	-0.3%

Source: Renaissance Capital. Includes IPOs with a market cap of at least \$50 million and excludes closed-end funds and SPACs. Returns as of 6/30/2015.

Number of IPOs and Amount of Proceeds Double after a Slow First Quarter

The number of IPOs and the amount of capital raised more than doubled over the slow first quarter. Year-over-year, second quarter proceeds fell by 41% due to a lack of billion-dollar IPOs. By IPO count, the 2Q 2015 to had 17% fewer IPOs than the 2Q 2014, which was a 14-year record, but exceeded second quarter activity in prior years. April saw half the number of IPOs as last year while activity in both May and June was in line with 2014. The S&P 500 and NASDAQ Composite reached new highs during the quarter, and the latter closed above 5,500 for the first time since March 2000. Like the 1Q 2015, there were a relatively high number of postponed and withdrawn deals as investors pushed back on proposed valuations.



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IPO Activity Rises Across Almost Every Sector; Health Care Still Dominates

Every active sector had higher issuance and raised more proceeds in the 2Q 2015 compared to the 1Q 2015, except for the financial sector. The 30 deals in the health care sector accounted for over 40% of total IPOs due to the strength of biotechs, which represented 29% of deal flow. The energy sector raised the most capital with eight deals, including the year's largest IPO, Tallgrass Energy GP LP. In an environment of low energy prices, all eight were yield vehicles with visible contract revenue, but these still underperformed. The consumer sector raised the third-most proceeds from six IPOs; Fitbit's offering was nearly as large as the other five, which included Party City and four high-growth retail concepts. The technology sector returned to historical levels with 10 IPOs. Fewer banks and REITs came public, perhaps reflecting some trepidation ahead of rate increases.

Proceeds by Sector (US\$ Billion)															
Sector	2Q 2014			3Q 2014			4Q 2014			1Q 2015			2Q 2015		
	#	\$	% of IPOs	#	\$	% of IPOs	#	\$	% of IPOs	#	\$	% of IPOs	#	\$	% of IPOs
Energy	11	\$5.2	13%	6	\$2.1	10%	7	\$3.2	10%	2	\$1.2	6%	8	\$3.3	11%
Health Care	22	\$1.7	27%	27	\$2.5	45%	23	\$3.0	34%	16	\$1.2	47%	30	\$2.7	43%
Consumer	7	\$1.9	8%	2	\$0.3	3%	5	\$0.5	7%	1	\$0.1	3%	6	\$1.5	9%
Business Services	2	\$1.4	2%	2	\$0.2	3%	1	\$0.2	1%	0	\$0.0	0%	3	\$1.3	4%
Technology	23	\$4.7	28%	7	\$23.4	12%	11	\$2.2	16%	4	\$1.3	12%	10	\$1.2	14%
Materials	1	\$0.2	1%	5	\$1.4	8%	1	\$0.4	1%	0	\$0.0	0%	2	\$0.8	3%
Financial	11	\$4.5	13%	8	\$7.4	13%	12	\$4.3	18%	9	\$1.1	26%	4	\$0.7	6%
Transportation	2	\$0.3	2%	1	\$0.2	2%	4	\$0.8	6%	1	\$0.2	3%	2	\$0.6	3%
Capital Goods	4	\$0.8	5%	0	\$0.0	0%	3	\$1.3	4%	1	\$0.4	3%	5	\$0.5	7%
Utilities	0	\$0.0	0%	1	\$0.1	2%	0	\$0.0	0%	0	\$0.0	0%	0	\$0.0	0%
Communications	0	\$0.0	0%	1	\$0.1	2%	1	\$0.4	1%	0	\$0.0	0%	0	\$0.0	0%

Source: Renaissance Capital. Includes IPOs with a market cap of at least \$50 million and excludes closed-end funds and SPACs.

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LBOs and Energy Yield Stocks Pick Up, Lead Largest Offerings

The ten largest IPOs this quarter raised \$6.0 billion, or about half the proceeds of the top ten during the prior year period, but 45% more than the 1Q 2015. With the exception of VC-backed Fitbit, all were LBOs or spinoffs of already publicly-traded entities. Eight of the ten priced above the midpoint, compared to less than 40% for all second quarter deals. The group averaged a 19% gain, over 400 bps above the broader second quarter average. Half were energy and infrastructure yield vehicles, including two with potentially high-growth GP interests in major natural gas pipeline MLPs. Four of the top ten were LBOs, all dominant players in their respective businesses. TransUnion is one of three major credit bureaus in the US, and Black Knight Financial Services offers the number one mortgage data platform. Party City is the world's largest party supplies retailer, and Univar is North America's largest chemicals distributor.

Largest US IPOs					
Company	Ticker	Offer Date	Deal Size (\$mm)	Sector	Return from IPO
Tallgrass Energy GP LP	TEGP	6-May	\$1,204	Energy	10.9%
Univar	UNVR	17-Jun	\$770	Materials	18.3%
Fitbit	FIT	17-Jun	\$732	Consumer	91.2%
TransUnion	TRU	24-Jun	\$665	Business Services	11.6%
EQT GP Holdings LP	EQGP	11-May	\$621	Energy	25.9%
Black Knight Financial Services	BKFS	19-May	\$441	Business Services	26.0%
Black Stone Minerals LP	BSM	30-Apr	\$428	Energy	-9.4%
8point3 Energy Partners LP	CAFD	18-Jun	\$420	Energy	-11.3%
Party City Holdco	PRTY	15-Apr	\$372	Consumer	19.2%
Fortress Transportation and Infrastructure LLC	FTAI	14-May	\$340	Transportation	6.6%

Source: Renaissance Capital. Includes IPOs with a market cap of at least \$50 million and excludes closed-end funds and SPACs. Returns as of 6/30/2015.

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End-of-Quarter Selloff Drags Down Average Returns to 14%

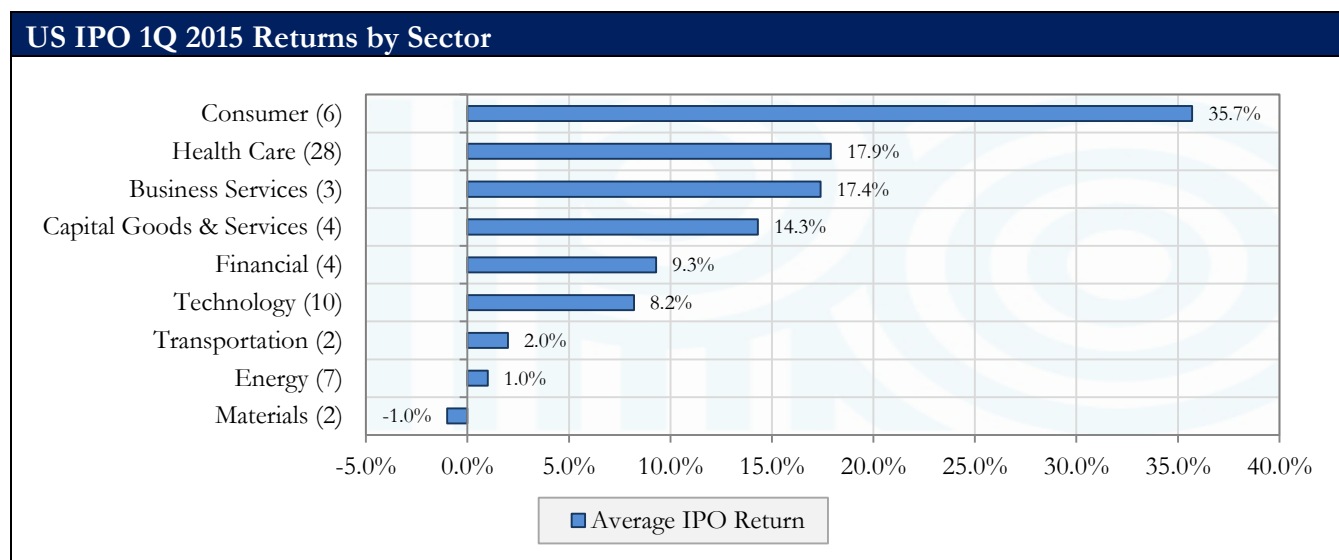
After hitting a nearly three-year low of 17% in the 1Q 2015, the quarterly average return fell further, to 14%, in the second quarter. The decline was largely a product of a late-quarter slump in the broader market: through last Friday, the average return had been 18%. Conversely, the average first-day return of 17% was the highest in five quarters, and the percentage of IPOs breaking issue on the first day (26%) was the lowest in over a year. For the first time in two years, less than 26% of IPOs priced below the range. On a down note, the five IPOs with the highest first-day gain all posted losses in follow-through trading; their average aftermarket return was -28%.

Return Statistics	2Q 2014	3Q 2014	4Q 2014	1Q 2015	2Q 2015
Avg. Total Return	21.2%	19.9%	24.5%	16.8%	14.5%
Avg. First-Day Return	9.0%	13.5%	12.4%	10.6%	17.1%
Avg. Aftermarket Return	11.0%	4.8%	11.1%	4.1%	-0.6%
% Trading Above Issue at Quarter Close	71.4%	72.2%	63.6%	74.5%	65.2%
% Deals with Negative First-Day Return	28.4%	26.7%	30.9%	30.9%	25.8%
% Deals Priced Below the Range	38.6%	52.6%	41.2%	32.4%	25.8%

Source: Renaissance Capital. Includes IPOs with a market cap of at least \$50 million and excludes closed-end funds and SPACs. Returns as of 6/30/2015.

Consumer IPOs Outperform as Technology and Energy Lag

Despite the end-of-quarter selloff, all but one sector averaged a positive return. The consumer sector handily delivered the best returns: After just one consumer deal in the first quarter (Shake Shack, which is still the best-performing IPO of 2015), the six second-quarter deals all returned above 10%, including three restaurants, Fitbit and Party City. The technology sector was unusually weak; excluding Shopify, up 100%, the average technology IPO return would have been -2%. Yield plays failed to generate interest: energy returns were weak, and the quarter's two REIT IPOs were a drag on the financial sector.



Source: Renaissance Capital. Based on offer price to 6/30/2015 closing price. Excludes TDOC, CFMS, CNXC and UFAB.

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Biotechs Make Up Best and Worst IPOs

Biotechs dominated both the quarter's best-performing and worst-performing lists, while tech IPOs were notably absent among the top performers with the exception of Shopify (+100%), the only tech IPO with a greater than 20% return this quarter. Microbiome biotech Seres had the biggest first-day pop since January 2014. Abuse-deterrent opioid developers Collegium and KemPharm both traded up considerably after rising only 2% on the first day. Another biotech, Axovant, garnered headlines with the largest biotech IPO in 20 years; while it delivered a 99% first-day pop, its poor aftermarket trading kept it off this list. Two consumer IPOs round out the top 10: fast-growing and profitable wearables leader Fitbit and chicken wing franchisor Wingstop.

Best-Performing US IPOs						
Company	Ticker	Offer Date	Deal Size (\$mm)	Sector	First-Day Pop	Return from IPO
Seres Therapeutics	MCRB	25-Jun	\$134	Health Care	185.6%	130.6%
Shopify	SHOP	20-May	\$131	Technology	51.1%	99.7%
Fitbit	FIT	17-Jun	\$732	Consumer	48.4%	91.2%
Aduro Biotech	ADRO	14-Apr	\$119	Health Care	147.1%	78.4%
KemPharm	KMPH	15-Apr	\$56	Health Care	1.8%	67.0%
Glaukos	GKOS	24-Jun	\$108	Health Care	73.4%	61.0%
Wingstop	WING	11-Jun	\$110	Consumer	61.0%	49.5%
Collegium Pharmaceutical	COLL	6-May	\$70	Health Care	2.4%	48.7%
Blueprint Medicines	BPMC	29-Apr	\$147	Health Care	4.8%	47.2%
Carbylan Therapeutics	CBYL	8-Apr	\$65	Health Care	11.2%	43.0%

Source: Renaissance Capital. Includes IPOs with a market cap of at least \$50 million and excludes closed-end funds and SPACs. Returns as of 6/30/2015.

Small health care companies formed the majority of the ten worst-performing IPOs; while most of these were biotechs, two diagnostics companies also made the list. More notably, three tech IPOs were among the bottom ten, including the quarter's worst performer Apigee. Highly-anticipated consumer IPO Etsy had the quarter's fourth-best debut (+88%), but has since lost over half its value, giving it the year's worst aftermarket return.

Worst-Performing US IPOs						
Company	Ticker	Offer Date	Deal Size (\$mm)	Sector	First-Day Pop	Return from IPO
Apigee	APIC	23-Apr	\$87	Technology	-1.8%	-41.6%
OpGen	OPGN	5-May	\$17	Health Care	-19.2%	-38.0%
Jaguar Animal Health	JAGX	13-May	\$20	Health Care	-3.1%	-31.1%
Celyad	CYAD	18-Jun	\$100	Health Care	-20.4%	-24.1%
Arcadia Biosciences	RKDA	15-May	\$66	Materials	-8.8%	-20.4%
HTG Molecular Diagnostics	HTGM	6-May	\$50	Health Care	-1.6%	-20.4%
WoWo	WOWO	7-Apr	\$40	Technology	2.9%	-19.9%
Cidara Therapeutics	CDTX	14-Apr	\$77	Health Care	0.0%	-12.4%
Etsy	ETSY	15-Apr	\$267	Technology	87.5%	-12.2%
8point3 Energy Partners LP	CAFD	18-Jun	\$420	Energy	-2.4%	-11.3%

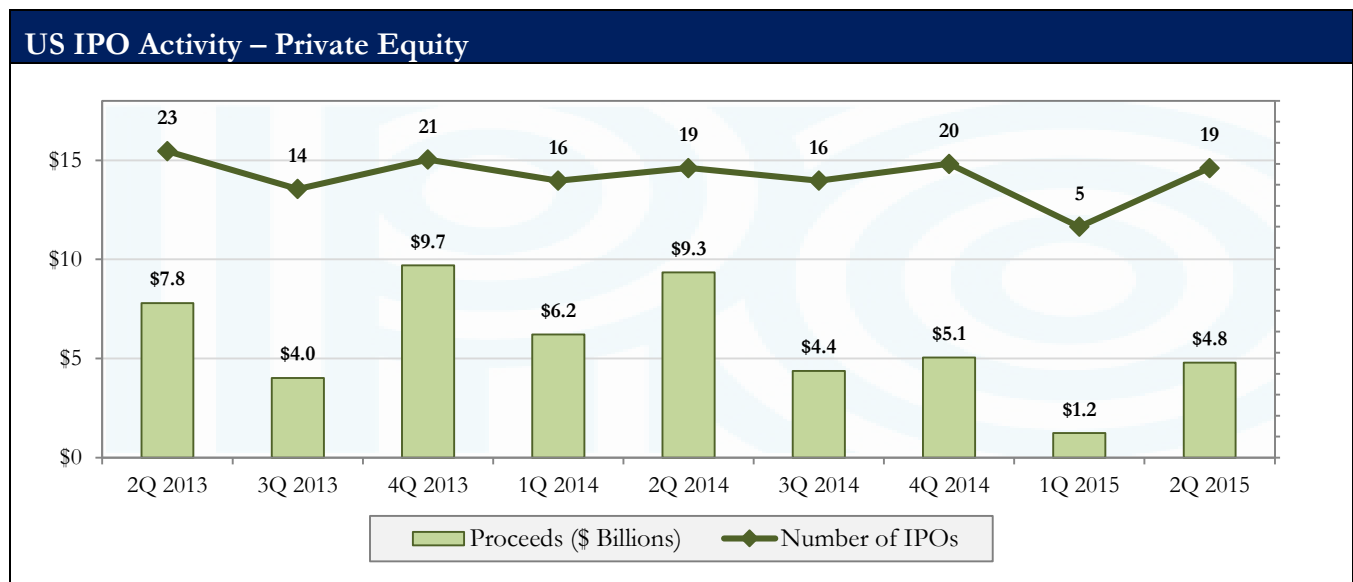
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Private Equity Bounces Back

The number of private equity-backed IPOs nearly quadrupled compared to the 1Q 2015, which saw fewer PE exits than any quarter since 2009, and rebounded to the elevated levels seen in the prior two years. There were eight LBOs, compared to just one in the 1Q 2015. Two LBOs – Univar and TransUnion – comprised 30% of all PE-backed proceeds, while average deal size remained relatively low as over half raised less than \$250 million. PE-backed IPO performance was slightly below the larger group average (+13.8% vs. +14.5%), brought down by the energy and transportation sectors. The five consumer PE-backed IPOs delivered the strongest total returns (+25% on average) due to impressive first-day performance, but all have had flat or negative returns in the aftermarket.



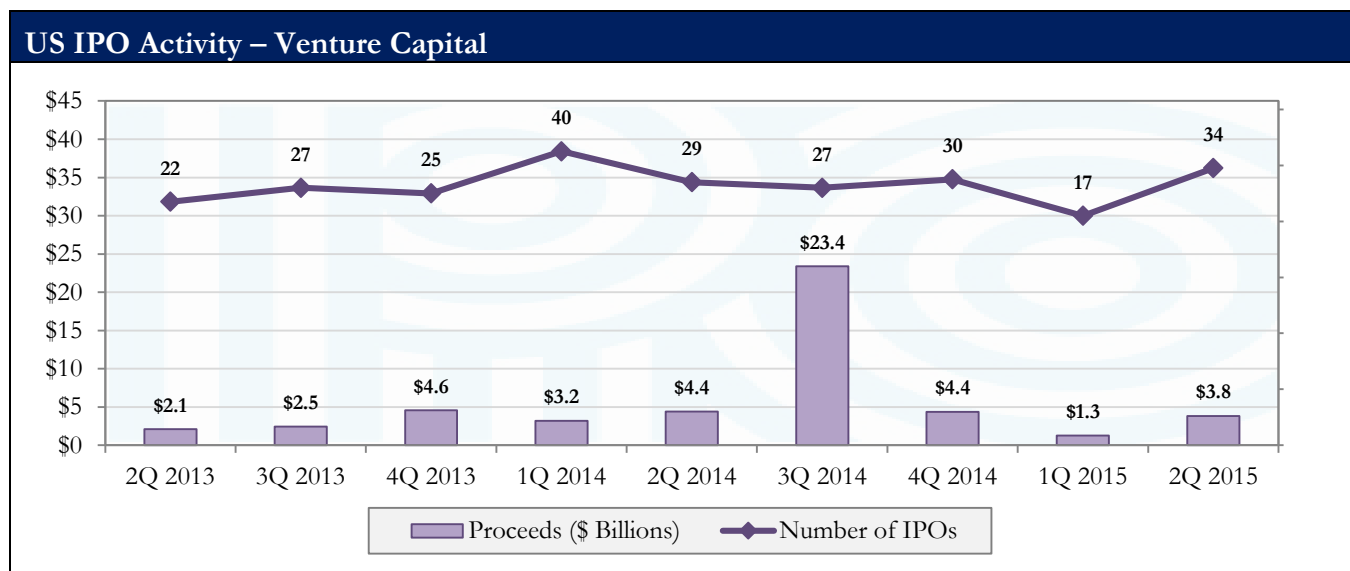
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Venture Capital Remains Active Thanks to Health Care

At 34 deals, the number of IPOs backed by venture capital increased to the highest level since the 1Q 2014, accounting for about half of all IPOs during the quarter. For the eighth straight quarter, VC outpaced private equity by deal count. In addition to continued elevated levels of VC-backed health care/biotech IPOs, VC-backed tech issuance picked up in the second quarter with 10 deals. Venture firms were behind nine of the ten best performing IPOs and eight of the ten worst, and the group outperformed non-VC IPOs with an average return of 20%. Private funding also continued at a rapid pace, bringing increased valuations to “unicorns” Airbnb (\$26 billion), SnapChat (\$16 billion) and WeWork (\$10 billion), which are rumored to have IPOs on the horizon. Similar to the 1Q 2015, we caution that there is a growing gap between large private tech funding and public tech IPO issuance. In the 2Q 2015, the 10 tech IPOs raised just over \$1 billion in aggregate, while tech and Internet companies with billion dollar valuations raised at least \$7.7 billion, or about 7x more, in private funding rounds. This disparity could continue if the lackluster returns seen from tech IPOs during the quarter cause companies to push back IPO plans.



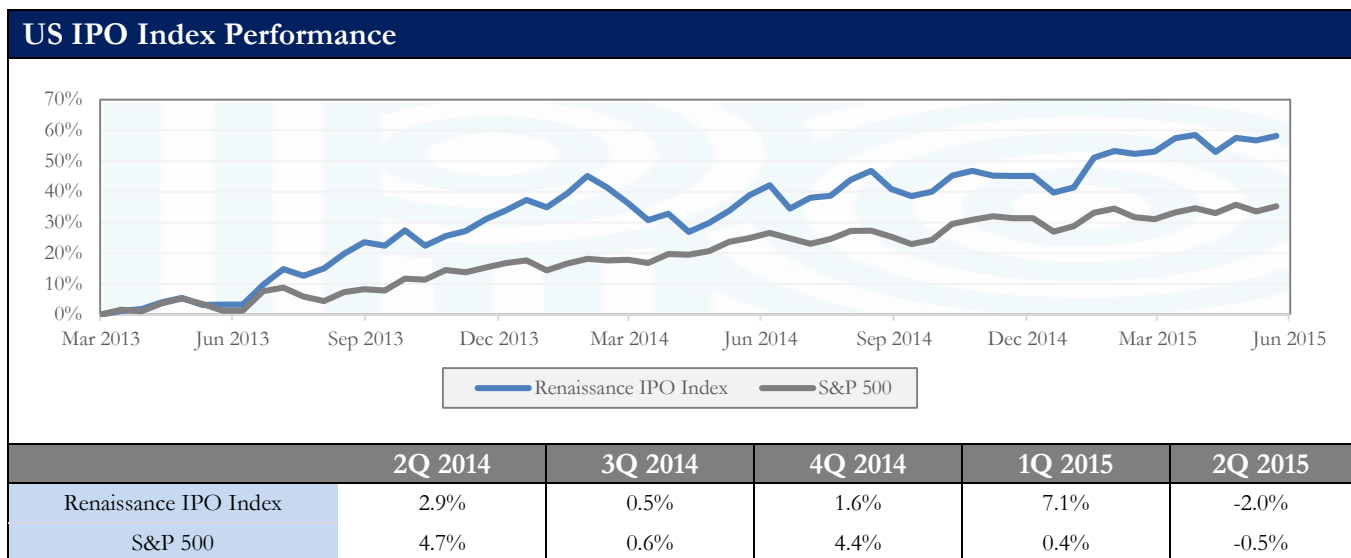
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Renaissance IPO Index Underperforms US Equity Benchmarks

The Renaissance IPO Index (IPOUSA), the underlying index for the Renaissance IPO ETF (IPO), underperformed US equity benchmarks with a -2.0% return (S&P 500; -0.5%). The Information Technology and Consumer Staples sectors detracted 2.0% and 0.6% from overall index returns, respectively. Online social networking and microblogging service Twitter (TWTR; -32.0%), online restaurant ordering platform GrubHub (GRUB; -26.6%), and grocery store operator Sprouts Farmers Market (SFM; -22.9%) were among the index's most significant detractors. Helped by strong returns in the first quarter, the IPO Index is outperforming the S&P 500 year-to-date.



Note: The Renaissance IPO Index Series represents a rolling two-year population of newly public companies weighted by float adjusted market cap. Data as of June 29, 2015.

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Heightened IPO Activity Matched by New Filings in the Second Quarter

There were 90 initial public filings in the 2Q 2015, representing an 88% increase over the 1Q 2015, but a 21% decrease from the 2Q 2014, which had the highest filings activity in over seven years. Despite the year-over-year decrease, the number of 2Q filings were more than enough to replace the 70 companies that priced and 14 that withdrew in the quarter. Each month this quarter saw more IPO filings than each of the first three months this year, and there are signs that momentum is building heading into July. Filing activity increased by over 30% sequentially in both May and June, the latter of which reached a 12-month high with 39 new filings. The full IPO pipeline now contains 123 companies hoping to raise nearly \$23 billion, more than half of which have updated IPO filings in the past 60 days, signaling plans to go public soon. June saw 15 health care companies join to the pipeline, suggesting that the sector will remain active. Planet Fitness and Blue Buffalo will likely garner interest as two well-known consumer brands. Rapid7's mid-June filing could be the first of several enterprise security companies expected in the back half of the year, especially considering the strong returns many of its peers have posted year-to-date. Of note, most of the fourteen \$500+ million IPOs in the pipeline filed in the second quarter, which could position the 3Q 2015 to see significantly more large deals than the 2Q 2015 (only five \$500+ million deals).

Notable Upcoming IPOs				
Company	Business	Sector	LTM Sales (\$mm)	Deal Size (\$mm)
Freeport-McMoRan Oil & Gas	E&P focused on deepwater projects in the Gulf of Mexico.	Energy	\$3,949	\$1,000*
TerraForm Global	Global wind and solar power yieldco formed by SunEdison.	Energy	\$325	\$800
SunGard	Compliance and operations software for financial institutions.	Technology	\$2,827	\$750*
Patheon	Outsourced drug manufacturing and development.	Health Care	\$1,931	\$700*
Planet Fitness	Franchised low-cost gym chain with over 950 locations.	Consumer	\$299	\$500
Blue Buffalo	Largest maker of all natural pet food.	Consumer	\$940	\$500
InnoLight Technology	High-speed optical transceivers for data networks.	Technology	\$136	\$100
ProNAi Therapeutics	Developing DNA interference cancer therapies.	Health Care	\$0	\$86
Chiasma	Developing an oral drug candidate for gigantism.	Health Care	\$9	\$86
Rapid7	Provides enterprise network security software.	Technology	\$84	\$80

Source: Renaissance Capital. *RC estimate.

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Private Company Pipeline

In addition to the visible pipeline, our Private Company Watchlist consists of over 285 companies that are positioned to go public over the next 24 months, including over 30 companies with confirmed \$5+ billion valuations. In total, 29%, or 25 of the 90 filings in the 2Q 2015 came from our PCW. Some of the more notable names that we expect in the 3Q 2015 include global investment bank Houlihan Lokey, which has already filed confidentially, and Apache Hadoop data analytics platform Cloudera, which would follow the successful December offering of Hortonworks (+58%). Japanese messaging application Line is planning a September Tokyo and New York dual-listing to avoid competing for investor attention during state-owned Japan Post's offering. Italian luxury sports car manufacturer and Fiat Chrysler-spinoff Ferrari had initially planned a 2Q-3Q 2015 offering, but was pushed back to the 4Q 2015 in early June to better time when Fiat could book the gain from sale.

Notable Private Companies Expected to Seek IPOs			
Company	Business	Sector	Est. Valuation (\$mm)
JBS USA Holdings	Leading processor of beef, pork and lamb in the US and Canada.	Consumer	\$18,000
Relativity Media	Global media company engaged in movie and television production.	Consumer	\$8,000
Ferrari	Italian luxury sports car manufacturer spun out of Fiat Chrysler.	Capital Goods & Services	\$6,000
SoFi*	Peer-to-peer lending platform primarily for student loan financing.	Financial	\$3,500
Atlassian	Business enterprise software targeted for software developers.	Technology	\$3,300
Strauss Coffee*	One of the largest global coffee producers.	Consumer	\$2,000
MongoDB	Develops and provides support for open source database MongoDB.	Technology	\$1,600
Houlihan Lokey*	Global independent investment bank.	Financial	\$1,500
SunRun*	The fourth-largest residential solar company in the US.	Energy	\$1,300
Veracode*	Cloud-based application security testing platform.	Technology	\$700

Source: Renaissance Capital. * Indicates company has filed confidentially or selected banks.

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Outlook

Heading into the final week of the second quarter, the IPO market was steaming along nicely, having picked up momentum over the last two months. Then, the Greek drama took unexpected plot twists, and equity markets became more volatile and uncertain heading into the third quarter.

While the Greek crisis and other exogenous events have interrupted IPO activity several times in recent years, the IPO market has gradually become better at withstanding them. The backlog of filed deals and private companies believed to be teeing up for IPOs is relatively large. Additionally, investor discipline appears to be intact: IPO returns have been attractive but not excessively high, and most companies are not trading at unsustainably high valuations.

For these reasons, we believe that July and early August will be active for IPOs in spite of events in Greece. Third quarter activity could in fact be elevated as companies seek to price deals before a potential Fed rate hike in September. Caution on valuation is likely to continue. Overall, 2015 remains on track to deliver over 200 IPOs for the third straight year.

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