

September 30, 2014

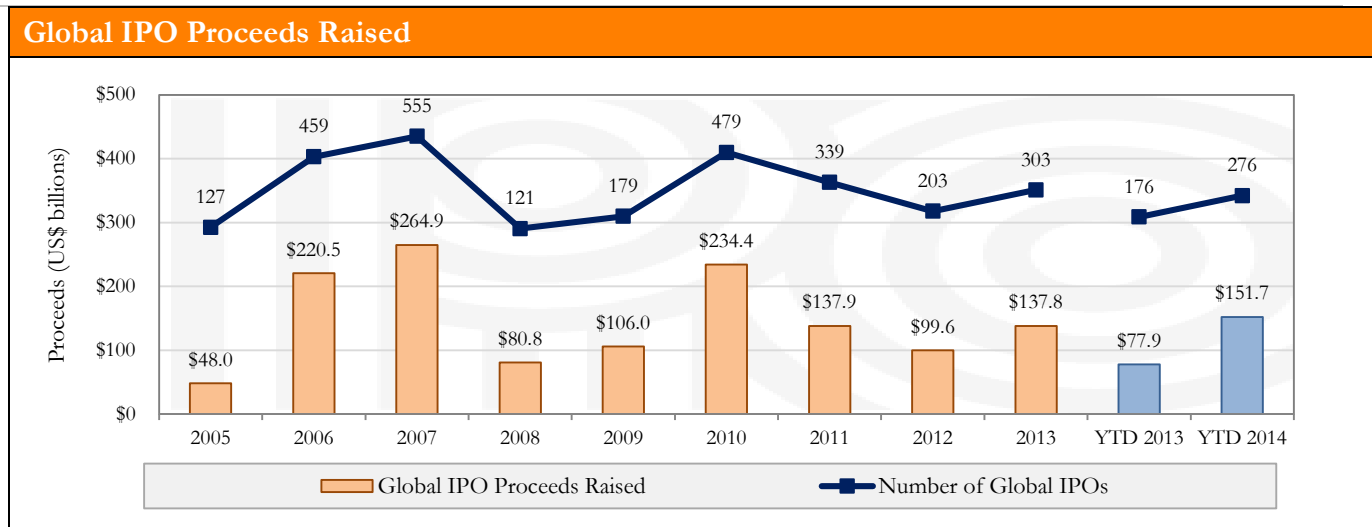
North America Rules IPO Race as Alibaba Makes History

The global IPO market continued its fast start of 2014 in the third quarter. Thanks to Alibaba Group's historic \$21.7 billion IPO, quarterly proceeds were up nearly 200% year-over-year. Excluding Alibaba, quarterly IPO proceeds were led by the North American and Asian regions, which accounted for 40% and 30% of quarterly proceeds, respectively. European issuance slowed from the rapid 2Q14 pace as the region faced challenges to its economic recovery. Due to the disappearance of A-share IPOs and poor aftermarket performance, the Asia Pacific region's market share continued to contract in the 3Q14 to just 19%. Despite turbulent equity markets, IPOs generated a 19.3% 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:

- North America Tops Global Issuance Rankings Thanks to Alibaba
- Technology and Financials Dominate IPO Issuance
- North American IPOs Lead Broadly Positive Global IPO Returns
- Health Care and Consumer Companies Thrive
- US IPOs Strongest Performers, Financial and Capital Goods IPOs the Worst
- Global IPO Benchmark Outperforms

Global IPO Activity						
	3Q 2013	4Q 2013	1Q 2014	2Q 2014	3Q 2014	ΔYoY
Proceeds Raised (US\$)	\$19.0b	\$59.9b	\$34.3b	\$60.9b	\$56.5b	197.1%
Number of Deals	61	127	82	134	60	-1.6%
Median Deal Size (US\$)	\$252m	\$253m	\$213m	\$305m	\$282m	12.0%



Source: IPO investment advisor Renaissance Capital. Includes IPOs with a deal size of at least \$100 million and excludes closed-end funds and SPACs.

North America Tops Global Issuance Rankings Thanks to Alibaba

North America dominated in the 3Q14, representing 63% of proceeds, due to Alibaba's \$22 billion offering, which was the largest IPO of all time. Excluding Alibaba, North America raised just \$14 billion, a decrease from the 2Q14. North America was also the most active region in the world by number of IPOs with 45% share.

Despite strong IPO issuance levels on the Australian Stock Exchange (\$3 billion) and the Singapore Exchange (\$1.2 billion), issuance levels in the Asia Pacific remain below historical averages due to the disappearance of A-share IPOs and poor aftermarket performance.

Regional Breakdown - (US\$ Billions)									
Region	3Q 2013			2Q 2014			3Q 2014		
	#	\$	% of \$	#	\$	% of \$	#	\$	% of \$
Asia Pacific	17	\$5.6	29.7%	40	\$12.0	19.7%	23	\$10.5	18.6%
Europe	5	\$2.7	14.1%	47	\$28.6	46.9%	8	\$8.6	15.3%
Latin America	1	\$0.4	2.2%	1	\$0.5	0.9%	0	\$0.0	0.0%
Middle East and Africa	1	\$0.1	0.7%	2	\$0.1	0.2%	2	\$1.9	3.3%
North America	37	\$10.1	53.4%	44	\$19.7	32.3%	27	\$35.5	62.8%

Source: IPO investment advisor Renaissance Capital. Includes IPOs with a deal size of at least \$100 million and excludes closed-end funds and SPACs.

Exchange Summary - (US\$ Billions)									
Exchange	3Q 2013			2Q 2014			3Q 2014		
	#	\$	% of \$	#	\$	% of \$	#	\$	% of \$
NYSE	23	\$7.0	36.7%	24	\$10.5	17.2%	21	\$34.5	61.0%
Hong Kong Exchange	6	\$2.4	12.4%	19	\$5.0	8.3%	11	\$4.6	8.2%
OMX Stockholm	1	\$0.4	2.1%	3	\$2.4	4.0%	1	\$3.2	5.7%
Australian Exchange	1	\$0.3	1.6%	9	\$3.6	6.0%	3	\$3.0	5.3%
Euronext/Amsterdam	0	\$0.0	0.0%	2	\$1.8	2.9%	1	\$1.9	3.4%
Dubai Exchange	0	\$0.0	0.0%	0	\$0.0	0.0%	1	\$1.6	2.8%
LSE Main	3	\$1.5	7.9%	19	\$10.4	17.1%	2	\$1.5	2.7%
Singapore Exchange	4	\$1.2	6.3%	1	\$0.3	0.5%	4	\$1.2	2.1%
Bolsa de Madrid	0	\$0.0	0.0%	3	\$3.8	6.2%	2	\$1.1	2.0%
Tokyo Stock Exchange	2	\$0.5	2.5%	4	\$1.3	2.2%	1	\$0.9	1.6%

Source: IPO investment advisor Renaissance Capital. Includes IPOs with a deal size of at least \$100 million and excludes closed-end funds and SPACs.

Technology and Financials Dominate IPO Issuance

The technology sector led all sectors in IPO issuance, raising \$24 billion in the 3Q14. Excluding Alibaba, however financial companies accounted for 36% of proceeds raised this quarter. Among them were the US banking arm of RBS Citizens Financial Group (CFG; \$3.0 billion) and GE's consumer lending arm Synchrony Financial (SYN; \$2.9 billion). The ten largest IPOs of the 3Q14 included listings from seven different countries and five different sectors. US companies dominated, listing four of the ten largest IPOs in the 3Q14.

Proceeds by Sector - (US\$ Billions)									
Sector	3Q 2013			2Q 2014			3Q 2014		
	#	\$	% of \$	#	\$	% of \$	#	\$	% of \$
Technology	7	\$1.1	5.9%	18	\$6.4	10.6%	7	\$24.3	43.0%
Financial	15	\$5.2	27.6%	35	\$18.2	29.8%	13	\$12.7	22.5%
Health Care	7	\$2.4	12.6%	11	\$2.7	4.4%	8	\$5.6	9.9%
Consumer	9	\$3.2	16.9%	21	\$10.1	16.7%	12	\$5.3	9.5%
Energy	14	\$5.2	27.2%	15	\$7.8	12.8%	5	\$1.7	3.0%
Other	9	\$1.9	9.8%	34	\$15.7	25.8%	15	\$6.8	12.1%

Source: IPO investment advisor Renaissance Capital. Includes IPOs with a deal size of at least \$100 million and excludes closed-end funds and SPACs.

Largest Global IPOs						
Company	Ticker	Exchange	Offer Date	Deal Size (\$ mm)	Industry	Return from IPO†
Alibaba Group Holding	BABA	NYSE	18-Sep	\$21,767	Technology	31.6%
Inwido	INWLSS	OMX Stockholm	25-Sep	\$3,243	Capital Goods	-5.1%
Citizens Financial Group	CFG	NYSE	23-Sep	\$3,010	Financial	9.0%
Synchrony Financial	SYF	NYSE	30-Jul	\$2,875	Financial	7.3%
Healthscope	HSO.AU	Australian Exchange	24-Jul	\$2,428	Health Care	6.6%
WH Group	288.HK	Hong Kong Exchange	29-Jul	\$2,054	Consumer	2.9%
NN Group	NN.NA	Euronext/Amsterdam	1-Jul	\$1,918	Financial	14.9%
Emaar Malls Group	EMRMLS.AB	Dubai Exchange	29-Sep	\$1,580	Financial	--
Grupo Aval Acciones	AVAL	NYSE	22-Sep	\$1,100	Financial	0.8%
Skylark	3197.JP	Tokyo Stock Exchange	29-Sep	\$931	Consumer	--

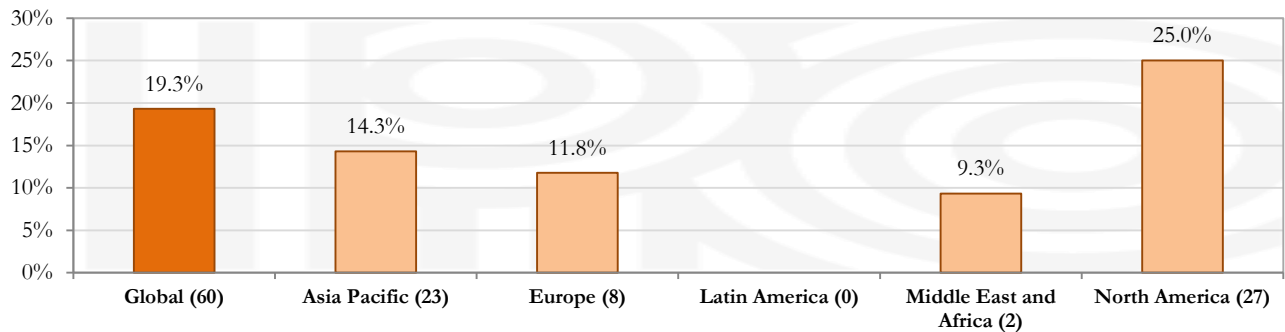
Source: IPO investment advisor Renaissance Capital. Includes IPOs with a deal size of at least \$100 million and excludes closed-end funds and SPACs.

† Based on September 30, 2014 closing price.

North American IPOs Lead Broadly Positive Global IPO Returns

IPO returns were strong in the 3Q14, up 19.3% on average. North American IPOs showed particularly strong performance, averaging a 25% return from their IPO price. Performance in this region was led by small cap listings, such as Tex-Mex fast food chain El Pollo Loco (LOCO; 139.3%) and gene therapy biotechnology firm Avalanche Biotechnologies (AAVL; 105.0%). Asia Pacific IPOs also showed strong returns, as exemplified by Korean electronic home appliance manufacturer Cuckoo Electronics (192400.KS; 107.2%) and Chinese specialty pharmaceutical company Luye Pharma Group (2186.HK; 68.1%).

Regional IPO Returns – 3Q 2014



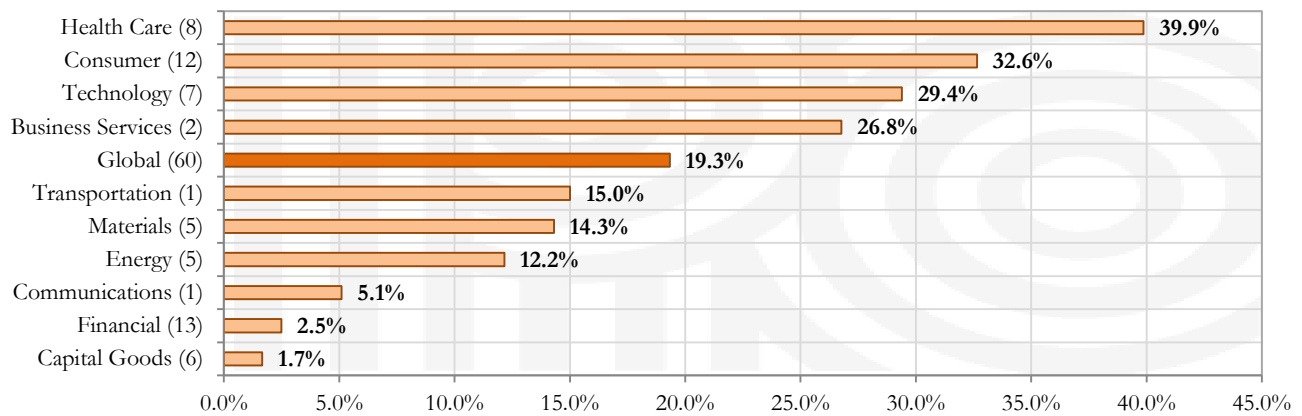
Source: IPO investment advisor Renaissance Capital. Includes IPOs with a deal size of at least \$100 million and excludes closed-end funds and SPACs.

† Based on September 30, 2014 closing price.

Health Care and Consumer Companies Thrive

Health Care was the best performing sector in the global IPO market this quarter as the eight IPOs from this sector averaged a 39.9% return. Strong performing Health Care IPOs included US-based ear treatment focused biotech Otonomy and UK hospital operator Spire Healthcare. Cuckoo Electronics and Smart and Final Stores (SFS; 18.1%) helped to boost Consumer IPOs this quarter as the sector averaged a 32.6% return.

Sector IPO Returns – 3Q 2014



Source: IPO investment advisor Renaissance Capital. Includes IPOs with a deal size of at least \$100 million and excludes closed-end funds and SPACs.

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US IPOs Strongest Performers, Financial and Capital Goods IPOs the Worst

US IPOs took control of our 3Q14 list of best performing IPOs. Domestic offerings accounted for six of the ten best performing IPOs this quarter, including Tex-Mex fast food chain El Pollo Loco (LOCO; 139.3%), Israeli-based advanced driver assistance technology firm Mobileye (MBLY; 113.7%). As exemplified by Alibaba, Mobileye and Luye Pharma, large IPOs performed surprisingly well this quarter.

In a quarter where the worst performing IPOs suffered historically minimal losses, Financial and Capital Goods IPOs struggled to gain traction with investors in the 3Q14. Struggling IPOs in these sectors included US-based credit-focused asset manager Medley Management (MDLY; -7.2%), Singaporean REIT backed by Japanese golf course properties Accordia Golf Trust (AGT.SP; -6.2%), and Europe's largest window and door manufacturer Inwido (INWL.SS; -5.1%).

Best Performing Global IPOs						
Company	Ticker	Exchange	Offer Date	Deal Size (\$ mm)	Industry	Return from IPO†
El Pollo Loco Holdings	LOCO	NASDAQ	24-Jul	\$107	Consumer	139.3%
Mobileye	MBLY	NYSE	31-Jul	\$890	Technology	113.7%
Cuckoo Electronics	192400.KS	Korea Exchange	28-Jul	\$235	Consumer	107.2%
Avalanche Biotechnologies	AAVL	NASDAQ	30-Jul	\$102	Health Care	105.0%
Luye Pharma Group	2186.HK	Hong Kong Exchange	2-Jul	\$764	Health Care	68.1%
Otonomy	OTIC	NASDAQ	12-Aug	\$100	Health Care	48.9%
CAR (China Auto Rental)	699.HK	Hong Kong Exchange	12-Sep	\$468	Consumer	40.0%
Spire Healthcare Group	SPLLN	LSE Main	18-Jul	\$683	Health Care	37.6%
Advanced Drainage Systems	WMS	NYSE	24-Jul	\$232	Materials	31.8%
Alibaba Group Holding	BABA	NYSE	18-Sep	\$21,767	Technology	31.6%

Source: IPO investment advisor Renaissance Capital. Includes IPOs with a deal size of at least \$100 million and excludes closed-end funds and SPACs.

† Based on September 30, 2014 closing price.

Worst Performing Global IPOs						
Company	Ticker	Exchange	Offer Date	Deal Size (\$ mm)	Industry	Return from IPO†
Northern Blizzard Resources	NBZ.CN	Toronto Stock Exchange	1-Aug	\$458	Energy	-10.3%
Tian Ge Interactive	1980.HK	Hong Kong Exchange	2-Jul	\$207	Technology	-9.8%
Civitas Solutions	CIVI	NYSE	16-Sep	\$199	Health Care	-8.1%
Medley Management	MDLY	NYSE	23-Sep	\$108	Financial	-7.2%
Accordia Golf Trust	AGT.SP	Singapore Exchange	24-Jul	\$607	Financial	-6.2%
Inwido	INWL.SS	OMX Stockholm	25-Sep	\$3,243	Capital Goods	-5.1%
Bank Nizwa	BKNZ.OM	Muscat Securities Market	14-May	\$156	Financial	-5.0%
Rundong Automobile Group	1365.HK	Hong Kong Exchange	6-Aug	\$124	Capital Goods	-3.6%
Boustead Plantations	BPLANT.MK	Bursa Malaysia Berhad	11-Jun	\$327	Financial	-3.1%
Orion Engineered Carbons	OEC	NYSE	24-Jul	\$351	Materials	-2.4%

Source: IPO investment advisor Renaissance Capital. Includes IPOs with a deal size of at least \$100 million and excludes closed-end funds and SPACs.

† Based on September 30, 2014 closing price.

Global IPO Benchmark Outperforms

The Global IPO Index outperformed global equity benchmarks with a quarterly return of 4.4%, compared to the 2.3% return of the MSCI All Country World Index. Strong contributors included social networking and microblogging site Twitter (TWTR; 26.2%), UK-based personal and commercial insurance service provider Direct Line Group (DLG.LN; 10.8%), and Japan-based logistic business properties REIT Nippon Prologis (3283.JP; 9.1%).



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 September 30, 2014.

The Global IPO Pipeline is at Record Levels

The global IPO pipeline currently contains 479 companies looking to raise \$356 billion, most from developed markets and China. Some of the most notable companies currently seeking to go public are listed below.

Notable Upcoming Global IPOs			
Company	Business	Industry	Est. Deal Size (\$b)
Japan Post	Japan state-owned postal group.	Business Services	\$10,000
Dalian Wanda Properties	Commercial real estate unit of China's Dalian Wanda Group.	Financial	\$6,000
National Commercial Bank	Largest bank in the Arabian region.	Financial	\$4,300
Rocket Internet	Online startup investor founded by Germany's Samwer brothers.	Financial	\$1,800
Virgin Money	UK-based bank and financial services company.	Financial	\$1,000
GoDaddy	Leading provider of web registration and hosting services.	Technology	\$750
Hong Kong Airlines	Third largest airline in Hong Kong.	Transportation	\$600
Jimmy Choo	British luxury fashion house specializing in women's shoes.	Consumer	\$250

Source: IPO investment advisor Renaissance Capital. Includes IPOs with a deal size of at least \$100 million and excludes closed-end funds and SPACs.