

# The IPOX<sup>®</sup> Week

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## ◆ Think GROWTH – Think IPOX

- IPOX China (CNI) tops IPOX U.S. (IPXO) as China-based health care stocks surge.
- IPOX-linked ETFs (FPX, FPXI) Performance Review.
- IPO Deal-flow Review & Outlook: **Spotify** (SPOT US) launched direct listing. Little deal flow seen.

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### IPOX China (CNI) tops IPOX U.S. (IPXO) as China-based health care stocks surge.

On the back of big swings in equities caused by uncertainty about U.S. trade policy and somewhat disappointing U.S. economic numbers ahead of the start of earnings season, the **IPOX Indexes** focused on Markets outside the U.S. outperformed the **IPOX U.S. Indexes** during the first week of the new quarter. Significant gains in specialty exposure linked to China domiciled health care benefited the diversified **IPOX China (CNI)**, with the portfolio adding +0.42% to +10.34% YTD, while the **IPOX Europe (IXTE)** added +0.79% to +0.79 YTD. In the U.S., the **IPOX 100 U.S. (IPXO)** lost -1.34% to -0.91% YTD, outperforming the **S&P 500 Index (SPX)**, proxy for U.S. stocks, by +4 bps. on the week to +168 bps. YTD. Notable moves amongst individual securities belonged to aforementioned China-linked health care exposure including **Luye Pharma** (2186 HK: +16.51%), **China Resources Pharma** (3320 HK: +14.36%), **Wuxi Biologics Cayman** (2269 HK: +7.49%), **3SBio** (1530 HK: +7.47%) or **Shanghai Fosun Pharma** (2196 HK: +7.05%) which more than compensated for the weakness in IPOX heavyweight China-based ecommerce behemoth **Alibaba** (BABA US: -8.73%). 70/100 portfolio holdings in the **IPOX 100 U.S. (IPXO)** fell, underlying the broad-based weakness in U.S. stocks with high beta technology exposure lagging ahead of earnings, while key **IPOX U.S.** holding high frequency trading firm **Virtu Financial** (VIRT US: +8.18%) extended its YTD gain to a massive +95.08%.

**IPOX-linked ETF (FPX, FPXI) performance review.** Linked to the **IPOX<sup>®</sup> 100 U.S.**, the USD billion 1.04 **First Trust U.S. Equity Opportunities ETF (FPX)** declined to -0.73% YTD, while the **First Trust International IPO ETF (FPXI)** dropped to +3.84 YTD. **FPX** and **FPXI** offer investors a turnkey solution to the “going public” effect of the largest U.S. (**FPX**) and International (**FPXI**) New Listings, often a pure proxy for economic growth and innovation.

### IPOX<sup>®</sup> 100 U.S. Index Investing with the FPX ETF since 2006:



IPOX <sup>®</sup> Price Returns (%)	Last Week	2017	2018 YTD
<b>Exposure: Global/International (x US) (USD)</b>			
IPOX <sup>®</sup> Global (IPGL50)	-1.14	28.59	2.03
IPOX <sup>®</sup> International (IPXI)*	-1.19	37.80	3.14
<b>Exposure: United States (USD)</b>			
IPOX <sup>®</sup> Composite U.S. (IPXC)*	-2.74	33.64	-0.23
IPOX <sup>®</sup> 100 U.S. (IPXO)*	-1.34	26.04	-0.91
IPOX <sup>®</sup> 30 U.S. (IPXT)	-1.17	26.63	-1.78
<b>Exposure : Europe/Nordic Region (EUR)</b>			
IPOX <sup>®</sup> Europe (IXTE)	0.79	19.27	0.79
IPOX <sup>®</sup> Nordic (IPND)	1.06	17.91	-4.01
<b>Exposure: Asia-Pacific/China Region (USD)</b>			
IPOX <sup>®</sup> Asia-Pacific (IPTA)	-0.20	23.30	1.44
IPOX <sup>®</sup> China (CNI)	0.42	37.67	10.34

\* Basis for ETPs: FPX US, FPX LN, FPXU FP, FPXI US, TCIP110 IT and CME listed e-mini IPOX<sup>®</sup> 100 U.S. Index Futures (IPOM8).

**IPO Deal-flow Review & Outlook: Spotify (SPOT US) launched direct listing. Little deal flow seen.** At least 4 notable (non-China A shares and non-local India) firms debuted last week, with the average (median) equally-weighted firm increased by 23.34% (3.59%) based on the difference between the final offering price and Friday's close. Sweden-based music streaming giant **Spotify** (SPOT US: +12.06%) launched its “non-IPO” Direct Listing and soared from its reference price set by **NYSE**. The successful debut may pave the way for other tech companies to go public through this unconventional approach. In the European market, UK's largest provider of outsourced regulatory services in the financial service industry, **SimplyBiz** (SBIZ LN: -5.59%) and Germany's downsized real estate company **Godewind Immobilien** (GWD GR: -4.88%) fell after debut. Japanese Duty-Free shops operator **JTC** (950170 KS: +91.76%) surged based on final offer and became the best performing IPO of the week. Focus this week includes micro-cap biopharmaceutical company **Alzheon** (ALZH US) which has its lead product candidate dedicated to Alzheimer's disease and other neurological disorders; and another “tech unicorn” **Zuora** (ZUO US). With an over \$1 billion valuation, the San Mateo, CA-based company provides cloud-based software for subscription businesses.

Select IPOs traded (week: 04/02/2018)	Country
Godewind Immobilien AG	Germany
JTC Inc/Fukuoka	Japan
The SimplyBiz Group Ltd	Britain
Spotify Technology S.A.	Sweden
Select IPOs expected (week: 04/09/2018)	Country
Alzheon Inc	U.S.A.
China Track Ltd	Australia
Tridomain Performance Materials PT	Indonesia
Zuora Inc	U.S.A.