



## 4Q15 SYNDICATE SUMMARY & OUTLOOK

### HIGHLIGHTS OF 4Q15 & OUTLOOK FOR 2016

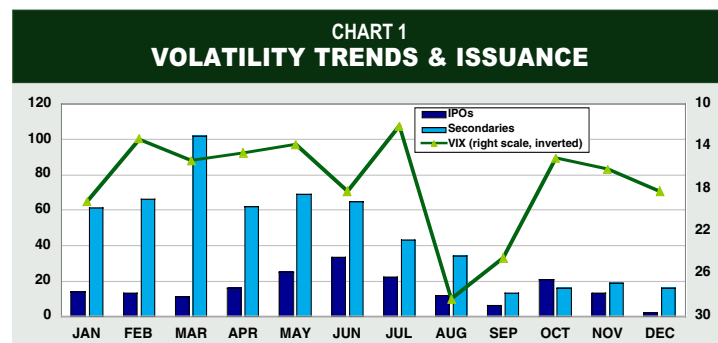
IPO and secondary issuance dropped off sharply during 4Q, and the new-issue market has been quiet in 2016 as equity volatility has increased (Chart 1). Overall, in 2015, 170 companies issued initial public offerings and raised \$30 billion — the lowest amount raised since the bear market of 2008-2009. In the fourth quarter, the number of IPOs was 36, down from 40 in 3Q and a peak of 74 in 2Q — when stocks were establishing all-time highs. The pattern was even more pronounced for secondaries. In 4Q, 61 companies raised additional equity compared to 90 in 3Q, 196 in 2Q and 229 in 1Q.

The biggest deal in 2015 occurred in 4Q: First Data Corp (FDC), a technology company, raised \$2.8 billion. But First Data also symbolized the struggle of the IPO market, as the deal was priced below the low end of its estimated range.

Looking ahead, a handful of unicorns (AirBnb, Uber, Pinterest, etc.) are waiting in the wings but unlikely to go public until there's more exuberance in the market. Indoor cycling chain SoulCycle and the TV manufacturer Vizio are among the approximately 120 companies that have actually filed for IPOs. The sectors with the most companies in the backlog are Healthcare, Technology and Consumer Services.

Jefferies & Co. and Goldman Sachs were the leading banks in terms of IPO transactions during the quarter, with nine (Table 1). Jefferies, BofAMerrill Lynch and Allen & Co. were among the leaders in terms of opening price performance compared to the issue price.

The leading secondary bookrunners in terms of total transactions were Citigroup Global Markets, JPMorgan and BofA Merrill Lynch. On average, the opening prices for the leading issuers were 1.4% above the issue price. The top performers on this metric in 4Q included Cowen & Co. and Credit Suisse (Table 2).



**TABLE 1  
LEADING 4Q15  
IPO BOOKRUNNERS**

	# Leading or Sole Bookrunner	Avg. Change from Issue Price to Open
Jefferies & Co.	9	13.6%
Goldman Sachs	9	7.4%
Citigroup Global Markets	8	1.7%
Morgan Stanley	7	8.2%
Barclays Capital	7	6.7%
Credit Suisse	7	1.8%
BofA Merrill Lynch	6	10.2%
Deutsche Bank	6	3.1%
J.P. Morgan	5	7.5%
Allen & Co Inc	4	14.5%

**TABLE 2  
LEADING 4Q15  
SECONDARY BOOKRUNNERS**

	# Leading or Sole Bookrunner	Avg. Change from Issue Price to Open
Citigroup Global Markets	14	1.2%
J.P. Morgan	14	1.4%
BofA Merrill Lynch	13	1.5%
Credit Suisse	10	2.4%
Barclays Capital	9	1.0%
Morgan Stanley	9	1.6%
Goldman Sachs	8	0.3%
RBC Capital Markets	8	1.1%
Jefferies & Co.	6	-0.1%
Cowen and Company	4	3.1%

### DISCLAIMER INFORMATION

Copyright Argus Research Company. This report has been prepared for Triad Securities by Argus, an independent investment research company. This report has no regard to specific investment objectives, financial situations or the particular needs of any recipient. It should not be considered an individualized recommendation. All investors are encouraged to use multiple sources of investment information and to actively monitor their holdings. The security or industry discussed may not be suitable for everyone.

THIS REPORT IS BASED ON INFORMATION FROM A VARIETY OF SOURCES AND STATISTICAL DATA BELIEVED TO BE RELIABLE, BUT IN NO WAY ARE WARRANTED AS TO ACCURACY, TIMELINESS, COMPLETENESS OR RELIABILITY.

Any opinions expressed are statements of judgment by Argus as of the published date of this report and are subject to change without notice. We do not undertake to advise you, nor are we under any obligation to advise you, as to any changes in our estimates or views. This report is published for informational purposes only and is not to be construed as a solicitation or an offer to buy or sell any security. Argus, its affiliates, officers, directors, employees, stockholders or members of their families may have long and/or short positions in and may purchase or sell from time to time any of the above-mentioned or related securities.



## OUTLOOK

- The IPO and secondary markets may not be as conducive to gains in 1Q, as a risk-off environment has settled over the market due to geopolitical issues and concerns over a slowdown in China.
- Private and publicly traded companies looking to raise funds for working capital and general corporate purposes — as well as for ongoing exit strategies for owners — will seek continued access to the markets in 2016, though activity may not pick up until there is greater clarity about China's growth trajectory.
- Spin-offs could be an important trend in 2016. Companies including Pfizer Corp. (PFE), Danaher (DHR), 3M Corp. (MMM) and Emerson Electric (EMR), among others, have announced plans to spin-off assets or initiatives to review proposals.
- Sectors that are more likely to deliver deals include Big Data from the Tech group; Biotech from Healthcare; Transportation, out of the Industrial group; and Consumer Finance companies looking to provide services directly to consumers.
- In Table 3, we provide a list of venture-backed companies that may look to access the public markets once conditions improve.

**TABLE 3**  
**VENTURE-BACKED PRIVATE COMPANIES WE ARE KEEPING AN EYE ON**

	Industry	Total Funding	Notes
Palantir	Analytics/Big Data	\$1.6B	Focus on Cybersecurity
Cloudera	Analytics/Big Data	\$1.2B	Hadoop leader/Intel invested
Oscar	Analytics/Big Data	\$295M	Looking to lower Insurance costs
Zenefits	Business Service	\$583M	HR platform for small biz
Bloom Energy	Clean Tech	\$1.1B	Solid oxide fuel cell technology
Xiaomi	Consumer Electronics	\$1.5B	No. 3 smartphone company
Avant	Consumer Finance	\$1.7B	New model for lending to subprime market
CreditKarma	Consumer Finance	\$368M	Financial advisory for consumers
Prosper	Consumer Finance	\$355M	Online marketplace for consumer credit
SoFi	Consumer Finance	\$766M	Student loan refinancing
Wealthfront	Consumer Finance	\$130M	Low-cost money management w/ETFs
Pinterest	Consumer Web	\$1.13B	Connects consumers & ideas
SnapChat	Consumer Web	\$1.2B	Photo sharing
FlipKart	Ecommerce/India	\$2.5B	India's Alibaba
Coupang	Ecommerce/South Korea	\$1.4B	South Korea's Alibaba
DraftKings	Games	\$375M	Popular but must overcome regulatory issues
FanDuel	Games	\$361M	Popular but must overcome regulatory issues
Intarcia	Healthcare/Biotech	\$535M	Focus on Diabetes
AirBnb	Hospitality	\$2.3B	Leader in the sharing economy
DropBox	Hosting/Storage	\$1.1B	Targets consumers for storage, sharing
Nutanix	Hosting/Storage	\$315M	Targets large enterprises
SurveyMonkey	Software	\$1.14B	Leading survey-only platform
Lyft	Transportation	\$1B	Taking on the Taxis
Uber	Transportation	\$6.9B	Taking on the Taxis
DiDi	Transportation/China	\$4.4B	Taking on the Taxis, in China

Source: [www.sharespost.com](http://www.sharespost.com); Argus Research

### DISCLAIMER INFORMATION

Copyright Argus Research Company. This report has been prepared for Triad Securities by Argus, an independent investment research company. This report has no regard to specific investment objectives, financial situations or the particular needs of any recipient. It should not be considered an individualized recommendation. All investors are encouraged to use multiple sources of investment information and to actively monitor their holdings. The security or industry discussed may not be suitable for everyone.

THIS REPORT IS BASED ON INFORMATION FROM A VARIETY OF SOURCES AND STATISTICAL DATA BELIEVED TO BE RELIABLE, BUT IN NO WAY ARE WARRANTED AS TO ACCURACY, TIMELINESS, COMPLETENESS OR RELIABILITY.

Any opinions expressed are statements of judgment by Argus as of the published date of this report and are subject to change without notice. We do not undertake to advise you, nor are we under any obligation to advise you, as to any changes in our estimates or views. This report is published for informational purposes only and is not to be construed as a solicitation or an offer to buy or sell any security. Argus, its affiliates, officers, directors, employees, stockholders or members of their families may have long and/or short positions in and may purchase or sell from time to time any of the above-mentioned or related securities.

**IPO PRICING IN 4Q15**

- During the fourth quarter of 2015, 36 public companies launched initial public offerings on domestic exchanges, down 10% from the 40 IPOs launched in 3Q15 (Table 4) and down 52% from the 74 IPOs launched in 2Q15.
- Despite having the smallest amount of deals, December was the best month for performance in the quarter, as on average deals opened up 16% above their issue prices. The best month of the year was April, when deals opened on average 23% higher.
- For the quarter, on average, deals opened up 9% higher than issue prices. This rate was down from 2Q and 3Q, when deals on average opened up 15% higher.

**SECONDARY PRICING IN 4Q15**

- During the fourth quarter of 2015, 61 public companies issued secondary public offerings on domestic exchanges, down 32% from the 90 SPOs launched in 3Q15 (Table 5).
- October was the best month for performance, as on average deals opened up 3.3% above their issue prices. This also turned out to be the best month of the year.
- For the quarter, on average, deals opened up 1.8% higher than issue prices. This rate was up slightly from 3Q, when deals on average opened up 1.6% higher, and in line with the average for the year.

**TABLE 4  
IPO VOLUME TRENDS**

	# of IPOs	Avg. Change from Issue Price to Open
December	2	16%
November	13	7%
October	21	4%
<b>4Q Total/Average</b>	<b>36</b>	<b>9%</b>
September	6	19%
August	12	7%
July	22	14%
<b>3Q Total/Average</b>	<b>40</b>	<b>13%</b>
June	33	15%
May	25	12%
April	16	23%
<b>2Q Total</b>	<b>74</b>	<b>17%</b>
March	11	NA
February	13	NA
January	14	NA
<b>1Q Total</b>	<b>38</b>	<b>NA</b>

**TABLE 5  
SECONDARY VOLUME TRENDS**

	# of IPOs	Avg. Change from Issue Price to Open
December	16	0.9%
November	29	1.3%
October	16	3.3%
<b>4Q Total/Average</b>	<b>61</b>	<b>1.8%</b>
September	13	1.8%
August	34	1.2%
July	43	1.7%
<b>3Q Total/Average</b>	<b>90</b>	<b>1.6%</b>
June	65	0.9%
May	69	1.9%
April	62	2.9%
<b>2Q Total</b>	<b>196</b>	<b>1.9%</b>
March	102	0.9%
February	66	1.1%
January	61	2.6%
<b>1Q Total</b>	<b>229</b>	<b>1.5%</b>

**DISCLAIMER INFORMATION**

Copyright Argus Research Company. This report has been prepared for Triad Securities by Argus, an independent investment research company. This report has no regard to specific investment objectives, financial situations or the particular needs of any recipient. It should not be considered an individualized recommendation. All investors are encouraged to use multiple sources of investment information and to actively monitor their holdings. The security or industry discussed may not be suitable for everyone.

THIS REPORT IS BASED ON INFORMATION FROM A VARIETY OF SOURCES AND STATISTICAL DATA BELIEVED TO BE RELIABLE, BUT IN NO WAY ARE WARRANTED AS TO ACCURACY, TIMELINESS, COMPLETENESS OR RELIABILITY.

Any opinions expressed are statements of judgment by Argus as of the published date of this report and are subject to change without notice. We do not undertake to advise you, nor are we under any obligation to advise you, as to any changes in our estimates or views. This report is published for informational purposes only and is not to be construed as a solicitation or an offer to buy or sell any security. Argus, its affiliates, officers, directors, employees, stockholders or members of their families may have long and/or short positions in and may purchase or sell from time to time any of the above-mentioned or related securities.

## IPO PERFORMANCE

■ The IPOs with the strongest performance in 4Q, based on opening price versus issue price, were:

- CytomX Therapeutics (CTMX)
- Atlassian Corp. plc (TEAM)
- Square Inc. (SQ)
- Advanced Accelerator Applications, SA (AAAP)
- Ferrari NV (RACE)

Most of these stocks continued to perform well post launch. More information on these companies is available in Table 6, with the worst-performing IPOs listed in Table 7.

## SECONDARY PERFORMANCE

■ The secondaries with the strongest performance in 4Q, based on opening price versus issue price, were:

- Strongbridge Biopharma plc (SBBP)
- Accelerate Diagnostics (AXDX)
- WaferGen Bio-Systems (WGBS)
- Evercore Partners (EVP)
- Carolina Financial Corp. (CARO)

These companies did not all continue to move higher post-secondary. More information on these companies is available in Table 8, with data on the worst-performing secondaries on Table 9.

**TABLE 6  
TOP 5 IPOs BY PERFORMANCE**

	Symbol	Change from Issue Price to Open	Lead Bookrunner	Current Price vs. Opening Price
CytomX Therapeutics Inc.	CTMX	33.3%	Jefferies & Co.	61.9%
Atlassian Corporation plc	TEAM	31.8%	UBS Securities	27.5%
Square Inc.	SQ	24.4%	Stifel	27.9%
Advanced Accelerator Applications	SAAAAP	15.6%	Jefferies & Co.	93.0%
Ferrari NV	RACE	15.4%	UBS Securities	-6.8%

**TABLE 7  
BOTTOM 5 IPOs BY PERFORMANCE**

	Symbol	Change from Issue Price to Open	Lead Bookrunner	Current Price vs. Opening Price
American Farmland Co.	AFCO	-12.5%	RBC Capital Markets	-12.3%
NovoCure Ltd	NVCR	-8.4%	J.P. Morgan	3.4%
Surgery Partners Inc.	SGRY	-7.6%	Jefferies & Co.	3.5%
Mesoblast Ltd.	MESO	-6.3%	J.P. Morgan	-20.3%
Dimension Therapeutics Inc	DMTX	-3.1%	Wells Fargo Securities	-6.0%

**TABLE 8  
TOP 5 SECONDARIES BY PERFORMANCE**

	Symbol	Change from Issue Price to Open	Lead Bookrunner	Current Price vs. Opening Price
Strongbridge Biopharma plc	SBBP	30.0%	Stifel	-47.2%
Accelerate Diagnostics Inc.	AXDX	11.1%	Piper Jaffray	12.5%
WaferGen Bio-Systems Inc	WGBS	10.0%	Ladenburg Thalmann	-34.5%
Evercore Partners Inc.	EVR	6.0%	Mizuho Securities	-9.8%
Carolina Financial Corp	CARO	4.9%	Raymond James	13.9%

**TABLE 9  
BOTTOM 5 SECONDARIES BY PERFORMANCE**

	Symbol	Change from Issue Price to Open	Lead Bookrunner	Current Price vs. Opening Price
Aeterna Zentaris Inc.(U)	AEZS	-6.7%	Maxim Group	-18.7%
T2 Biosystems Inc.	TTOO	-4.1%	Leerink Partners	15.0%
BCB Bancorp Inc.	BCBP	-2.5%	Sandler O'Neill & Partners	8.2%
Kite Pharma Inc.	KITE	-2.3%	RBC Capital Markets	-7.6%
Cancer Genetics Inc.	CGIX	-1.8%	Joseph Gunnar & Co	-15.8%

### DISCLAIMER INFORMATION

Copyright Argus Research Company. This report has been prepared for Triad Securities by Argus, an independent investment research company. This report has no regard to specific investment objectives, financial situations or the particular needs of any recipient. It should not be considered an individualized recommendation. All investors are encouraged to use multiple sources of investment information and to actively monitor their holdings. The security or industry discussed may not be suitable for everyone.

THIS REPORT IS BASED ON INFORMATION FROM A VARIETY OF SOURCES AND STATISTICAL DATA BELIEVED TO BE RELIABLE, BUT IN NO WAY ARE WARRANTED AS TO ACCURACY, TIMELINESS, COMPLETENESS OR RELIABILITY.

Any opinions expressed are statements of judgment by Argus as of the published date of this report and are subject to change without notice. We do not undertake to advise you, nor are we under any obligation to advise you, as to any changes in our estimates or views. This report is published for informational purposes only and is not to be construed as a solicitation or an offer to buy or sell any security. Argus, its affiliates, officers, directors, employees, stockholders or members of their families may have long and/or short positions in and may purchase or sell from time to time any of the above-mentioned or related securities.

**SECTOR PERFORMANCE**

- During 4Q, Healthcare was the lead sector for IPOs in terms of number of deals. Information Technology was second and Financial was third. In secondaries, the leading sector was Financial, with Healthcare second and Consumer Discretionary third. In the secondaries, the Financial sector was led by the Real Estate group. (See Tables 10 and 11.)
- The top-performing IPO sector in terms of change in price from issue to open was Consumer Discretionary, with an average gain of 12.5% from the issue price to the opening price. Information Technology was solid (with a 9.9% gain) and Healthcare achieved a 4.5% increase.
- The top-performing secondary sector in terms of change in price from issue to open was Energy, which was up 3.6%. The Healthcare and Utilities sectors each gained 2.5%.

**TABLE 10**  
**4Q15 IPOs BY SECTOR**

	# Per Sector	% of Total	Average Change from Issue Price to Open
Consumer Discretionary	3	5%	12.5%
Consumer Staples	1	2%	0.0%
Energy	0	0%	NA
Financial	7	12%	0.4%
Healthcare	14	23%	4.9%
Industrials	0	0%	NA
Information Technology	8	13%	9.9%
Materials	2	3%	4.5%
Telecommunications	1	2%	3.0%
Utilities	0	0%	NA

**TABLE 11**  
**4Q15 SECONDARIES BY SECTOR**

	# Per Sector	% of Total	Average Change from Issue Price to Open
Consumer Discretionary	6	10%	1.1%
Consumer Staples	1	2%	1.0%
Energy	4	7%	3.6%
Financial	22	37%	1.1%
Healthcare	18	30%	2.5%
Industrials	4	7%	0.6%
Information Technology	2	3%	-0.6%
Materials	0	0%	NA
Telecommunications	0	0%	NA
Utilities	3	5%	2.5%

**DISCLAIMER INFORMATION**

Copyright Argus Research Company. This report has been prepared for Triad Securities by Argus, an independent investment research company. This report has no regard to specific investment objectives, financial situations or the particular needs of any recipient. It should not be considered an individualized recommendation. All investors are encouraged to use multiple sources of investment information and to actively monitor their holdings. The security or industry discussed may not be suitable for everyone.

THIS REPORT IS BASED ON INFORMATION FROM A VARIETY OF SOURCES AND STATISTICAL DATA BELIEVED TO BE RELIABLE, BUT IN NO WAY ARE WARRANTED AS TO ACCURACY, TIMELINESS, COMPLETENESS OR RELIABILITY.

Any opinions expressed are statements of judgment by Argus as of the published date of this report and are subject to change without notice. We do not undertake to advise you, nor are we under any obligation to advise you, as to any changes in our estimates or views. This report is published for informational purposes only and is not to be construed as a solicitation or an offer to buy or sell any security. Argus, its affiliates, officers, directors, employees, stockholders or members of their families may have long and/or short positions in and may purchase or sell from time to time any of the above-mentioned or related securities.