

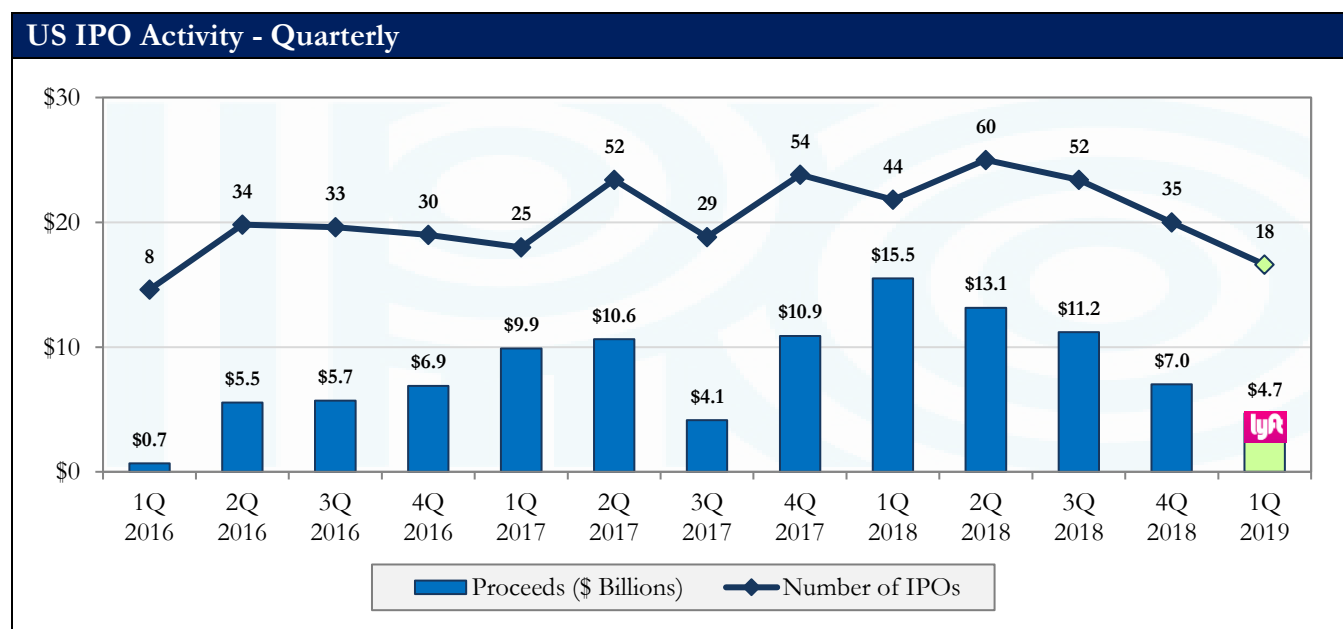
March 29, 2019

Quiet First Quarter Ends with a Lyft

During the quarter, only 18 IPOs priced, raising \$4.7 billion, the slowest quarter by deal count in three years. The sharp December equity market decline and government shutdown contributed to a very slow January when only one IPO priced. IPO activity picked up in late February and continued in March, culminating in the long-anticipated IPOs of Levi's and Lyft. While overall average quarterly performance was not particularly strong due to a handful of mostly small deals that priced in January and early February, momentum shifted in March, with issuers producing strong returns. This was also reflected in the returns of the IPO index, up 31% for the quarter. IPO activity should be robust in the 2Q due to the large number of companies that have announced plans to go public. Since Lyft filed at the beginning of March, 17 additional companies have filed with the SEC with total potential deal proceeds of nearly \$7 billion, exceeding that raised in this quarter and five of the preceding 12 quarters. Among the largest pending IPOs are photo sharing platform Pinterest, electronic trading platform Tradeweb, healthcare payment software provider Change Healthcare, and Chinese e-commerce site Yunji. As a result, the second and third quarters look to be very active.

Key Takeaways:

- 18 IPOs Raise \$4.7 Billion, Down More Than 50% from the 1Q18
- Lyft and Levi Raise 63% of Quarterly Proceeds
- IPO Index Rebounds 31% in the First Quarter
- Average IPO Returns 11%, About Half Trade Positive
- Small Healthcare Deals Drive IPO Activity as Tech and PE Delay
- New Filings Set the Stage for a Robust 2Q19 with Uber and Others Rumored



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

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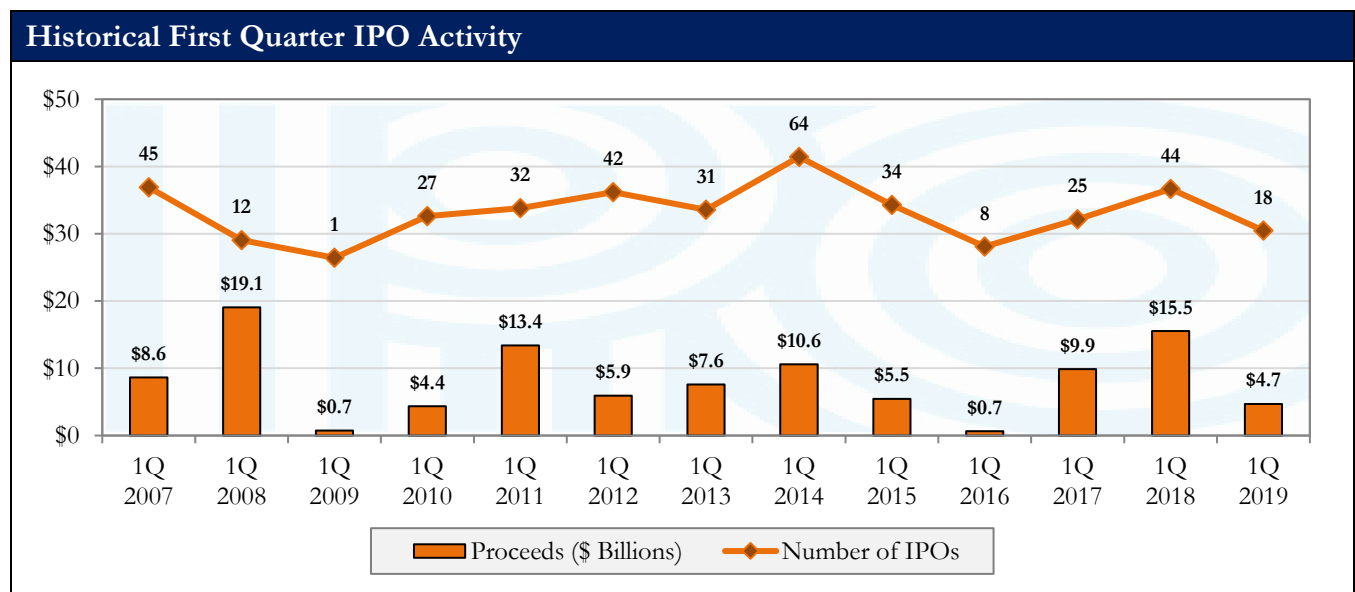
18 IPOs Raise \$4.7 Billion, Down More Than 50% from the 1Q18

Key US IPO Statistics - Activity					
	1Q 2018	2Q 2018	3Q 2018	4Q 2018	1Q 2019
Number of Deals	44	60	52	35	18
Proceeds Raised (US\$ in mil)	\$15,513	\$13,134	\$11,198	\$7,005	\$4,684
Median Deal Size (US\$ in mil)	\$143	\$107	\$102	\$70	\$93
PE-Backed Deals	13	14	11	7	1
PE-Backed Proceeds (US\$ in mil)	\$5,950	\$4,301	\$2,406	\$3,360	\$280
VC-Backed Deals	11	29	27	20	12
VC-Backed Proceeds (US\$ in mil)	\$1,826	\$4,083	\$6,119	\$2,966	\$3,509

Source: Renaissance Capital.

The quarter's 18 offerings raised \$4.7 billion, a 12-quarter low by deal count and the second-lowest quarter since 2010 because of the 4Q selloff and the partial government shutdown. Lyft's \$2.3 billion IPO was half of quarterly proceeds. Healthcare rose to two-thirds of activity, the only sector that saw more than two deals. Private equity dropped to just one IPO, the lowest in three years. These factors drove the median deal size down to \$93 million. Venture capital activity remained relatively high, due to a continued stream of biotechs, while Lyft drove proceeds. Three IPOs attempting to raise a combined \$1.4 billion postponed.

The 1Q19 raised less than one third of the IPO proceeds of the 1Q18. By both deal count and proceeds, the 1Q19 was below all but one other first quarter in the post-recession period. Activity was dragged down by a dry January, which had only one IPO. Meanwhile, the 17 offerings in February and March were closer to the median since 2010 (20).



Source: Renaissance Capital.

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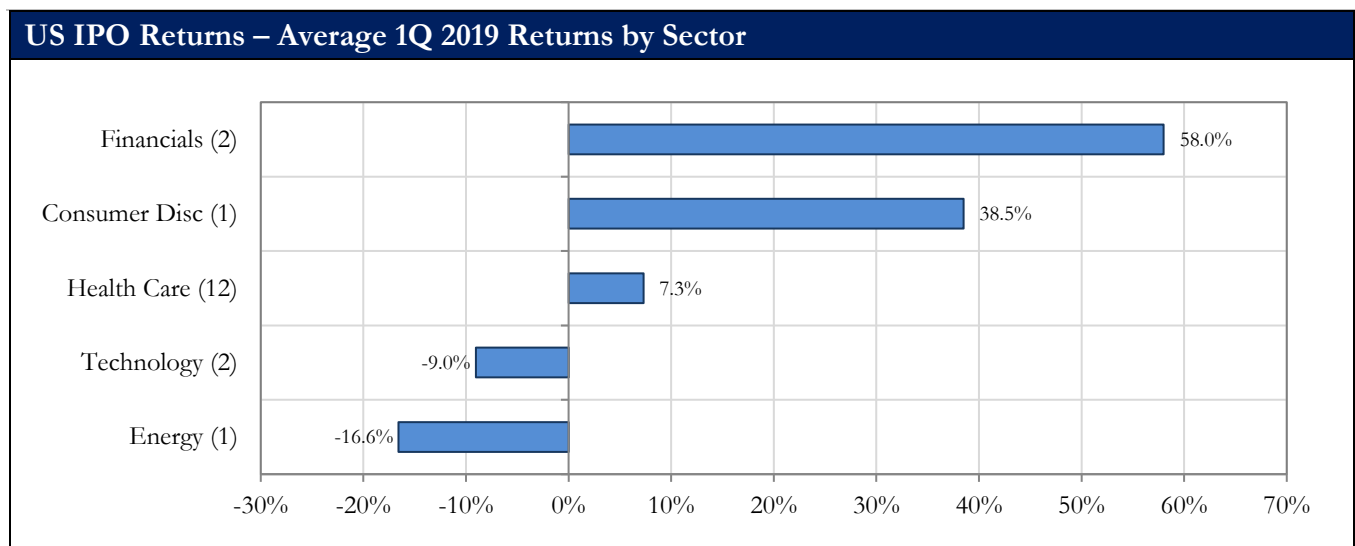
Average IPO Returns 11%, About Half Trade Positive

Key US IPO Statistics - Performance					
IPO Performance	1Q 2018	2Q 2018	3Q 2018	4Q 2018	1Q 2019
Avg. US IPO Return	8.6%	30.2%	33.8%	10.6%	11.5%
Avg. First-Day Return	11.7%	18.0%	18.3%	13.8%	11.4%
Avg. Aftermarket Return	-5.5%	9.6%	12.7%	-2.7%	-0.4%
Renaissance IPO Index	2.0%	3.6%	2.0%	-23.5%	31.5%
S&P 500	-1.2%	2.9%	7.2%	-14.0%	13.6%
Russell 3000	-1.1%	3.4%	6.6%	-14.7%	14.0%
% Deals Priced Below the Range	18.2%	16.7%	13.5%	28.6%	11.8%
% Deals with Negative First-Day Return	40.9%	21.7%	19.2%	14.3%	44.4%
% Trading Above Issue at Quarter Close	43.2%	70.0%	67.3%	51.4%	55.6%

Source: Renaissance Capital. Current quarter returns as of 3/29/2019. Aftermarket shows return from end-of-day trading on IPO to 3/29 close.

IPOs averaged a return of 11.5% in the first quarter. Average returns were mostly driven by first-day trading, despite the fact that almost half broke issue on their debut. With just 18 IPOs, returns were also heavily impacted by the best and worst performers. The Renaissance IPO Index rebounded 31.5%, far better than broader equity markets. Despite this momentum, IPO returns for the quarter were dragged down by low-quality offerings with shaky prospects earlier in the quarter: January and February's IPOs were down 8% on average at quarter end, but March's seven deals averaged a gain of 42%.

The healthcare sector averaged a return of 7%, and featured the year's best and worst performers, led by a medical device maker. The financials sector saw two fast-growing Chinese brokerages with strong initial trading. Levi Strauss represented consumer discretionary, as investors were attracted to its clean story and above-average growth prospects. In the tech sector, Lyft debuted on the last day of the quarter and traded up 9%, but the quarter's other tech deal, a micro-cap, was one of the worst performers.



Source: Renaissance Capital. Based on offer price to 3/29/2019 closing price.

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Small Healthcare Deals Drive IPO Activity as Tech Delays

The healthcare sector made up two-thirds of IPO activity and over a quarter of proceeds. Biotechs continued to come to market, including several highly-valued immuno-oncology developers, thanks to substantial insider support. Technology fell to just two IPOs, Lyft and a micro-cap. Instead of tech activity picking up in March as usual, the SEC's closure likely delayed some deals, while others decided to wait until Lyft had priced. The financials sector saw two fast-growing Chinese brokerages focused on overseas securities. Levi Strauss was the largest consumer discretionary IPO since Fitbit in 2015. Only one energy company went public, a play on liquefied natural gas, as oil prices recovered during the quarter.

While not counted below, 15 blank check companies raised \$3.0 billion. SPACs are again on track to hit a 10-year record.

IPOs and Proceeds by Sector (US\$ Billion)															
Sector	1Q 2018			2Q 2018			3Q 2018			4Q 2018			1Q 2019		
	#	\$	% of IPOs	#	\$	% of IPOs	#	\$	% of IPOs	#	\$	% of IPOs	#	\$	% of IPOs
Healthcare	14	\$1.0	32%	25	\$2.5	42%	20	\$3.2	38%	17	\$2.3	50%	12	\$1.2	67%
Technology	10	\$6.2	23%	18	\$4.6	30%	14	\$3.9	27%	10	\$3.6	29%	2	\$2.4	11%
Financials	3	\$0.2	7%	6	\$3.1	10%	8	\$0.9	15%	2	\$0.1	6%	2	\$0.2	11%
Consumer Discr	5	\$1.3	11%	3	\$0.2	5%	6	\$1.8	12%	3	\$0.7	9%	1	\$0.6	6%
Energy	5	\$1.3	11%	1	\$0.1	2%	1	\$0.2	2%	-	-	-	1	\$0.3	6%
Consumer Staples	-	-	-	1	\$0.6	2%	-	-	-	-	-	-	-	-	-
Industrials	3	\$2.7	7%	4	\$1.0	7%	2	\$0.4	4%	-	-	-	-	-	-
Materials	-	-	-	1	\$0.5	2%	-	-	-	1	\$0.3	3%	-	-	-
Real Estate	3	\$2.4	7%	1	\$0.5	2%	1	\$0.8	2%	1	\$0.0	3%	-	-	-
Telecom	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Utilities	1	\$0.3	2%	-	-	-	-	-	-	-	-	-	-	-	-

Source: Renaissance Capital.

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Lyft and Levi Raise 63% of Proceeds

The first quarter had just two large IPOs, Lyft and Levi Strauss, both of which came in the final two weeks of the quarter. Together they raised \$3.0 billion, or 63% of quarterly proceeds. Lyft alone represented half. Its market cap at IPO was larger than that of the other 17 deals combined, and the biggest for a US tech company since Facebook. The quarter's 10 largest IPOs raised just over \$4 billion, compared to \$11 billion raised by the 10 largest in the 1Q18, as the number of billion-dollar IPOs dropped from four to one. Two private equity-backed IPOs targeting \$500+ million postponed. The 10 largest deals averaged a return of 31% from IPO, far better than the smaller deals.

Largest US IPOs						
Company	Ticker	Offer Date	Deal Size (\$mm)	Sector	First-Day Pop	Return from IPO
Lyft	LYFT	28-Mar	\$2,340	Technology	8.7%	8.7%
Levi Strauss	LEVI	20-Mar	\$623	Consumer Disc	31.8%	38.5%
New Fortress Energy	NFE	30-Jan	\$280	Energy	-6.6%	-16.6%
Gossamer Bio	GOSS	7-Feb	\$276	Healthcare	12.1%	35.4%
Alector	ALEC	6-Feb	\$176	Healthcare	-5.3%	-1.5%
Genfit	GNFT	26-Mar	\$135	Healthcare	9.1%	18.1%
Precision BioSciences	DTIL	27-Mar	\$126	Healthcare	9.0%	12.2%
UP Fintech Holding	TIGR	19-Mar	\$104	Financials	36.5%	61.8%
ShockWave Medical	SWAV	6-Mar	\$97	Healthcare	79.4%	96.9%
Futu Holdings	FHL	7-Mar	\$90	Financials	27.7%	54.3%

Source: Renaissance Capital. Returns as of 3/29/2019.

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Growth Companies Lead Best-Performing IPOs

The best-performing IPOs featured several growth names, including cardiovascular device maker ShockWave Medical and Chinese brokerages UP Fintech and Futu. Levi Strauss attracted interest with a strong brand that has delivered outsized growth and while expanding margins. Large immunotherapy developer Gossamer Bio had the highest return for a biotech. Most of the top-performing IPOs traded well on day one, and continued to rise from there. Four of the five came public in March.

Best-Performing US IPOs						
Company	Ticker	Offer Date	Deal Size (\$mm)	Sector	First-Day Pop	Return from IPO
ShockWave Medical	SWAV	6-Mar	\$97	Healthcare	79.4%	96.9%
UP Fintech Holding	TIGR	19-Mar	\$104	Financials	36.5%	61.8%
Futu Holdings	FHL	7-Mar	\$90	Financials	27.7%	54.3%
Levi Strauss	LEVI	20-Mar	\$623	Consumer Disc	31.8%	38.5%
Gossamer Bio	GOSS	7-Feb	\$276	Healthcare	12.1%	35.4%

Source: Renaissance Capital. Returns as of 3/29/2019.

The worst-performing IPOs were mainly small biotechs and other development-stage companies, including two micro-caps that landed near the bottom. Each traded down on its first day. The largest of the group, New Fortress Energy, represented a long-term bet on liquefied natural gas, with steep losses and high capex in the meantime. The sole tech IPO, unprofitable e-sports streaming company Super League Gaming, went public with only \$1 million in revenue and dropped 23% right out of the gate.

Worst-Performing US IPOs						
Company	Ticker	Offer Date	Deal Size (\$mm)	Sector	First-Day Pop	Return from IPO
Anchiano Therapeutics	ANCN	12-Feb	\$31	Healthcare	-6.1%	-40.9%
Harpoon Therapeutics	HARP	7-Feb	\$76	Healthcare	-3.6%	-32.4%
Super League Gaming	SLGG	25-Feb	\$25	Technology	-22.7%	-26.8%
New Fortress Energy	NFE	30-Jan	\$280	Energy	-6.6%	-16.6%
Avedro	AVDR	13-Feb	\$70	Healthcare	-12.2%	-12.4%

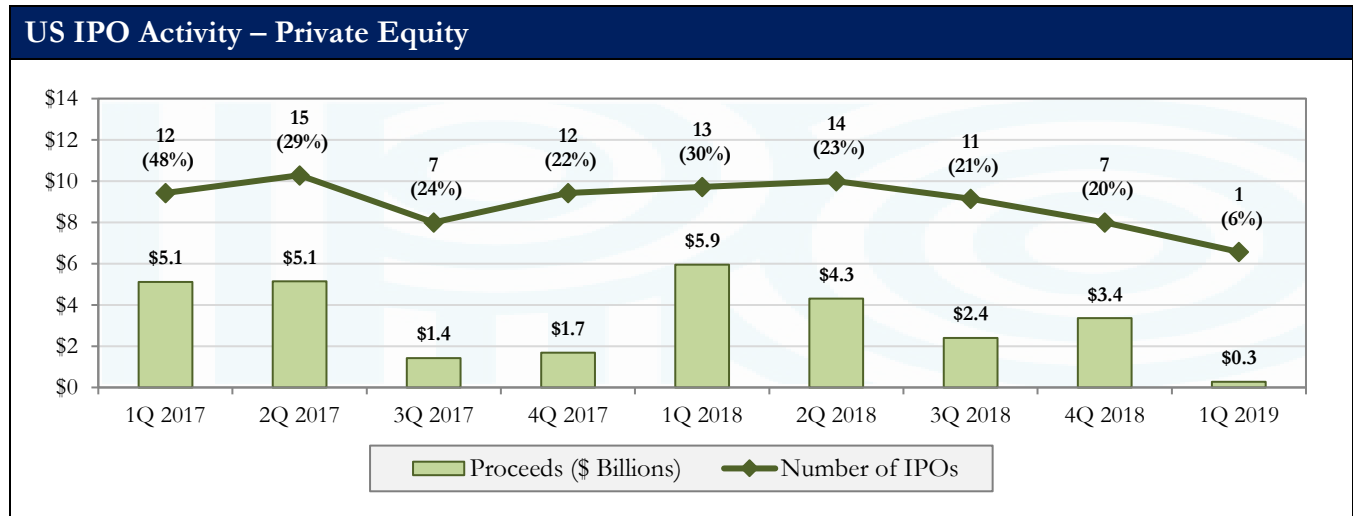
Source: Renaissance Capital. Returns as of 3/29/2019.

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Private Equity Falls to Just One IPO

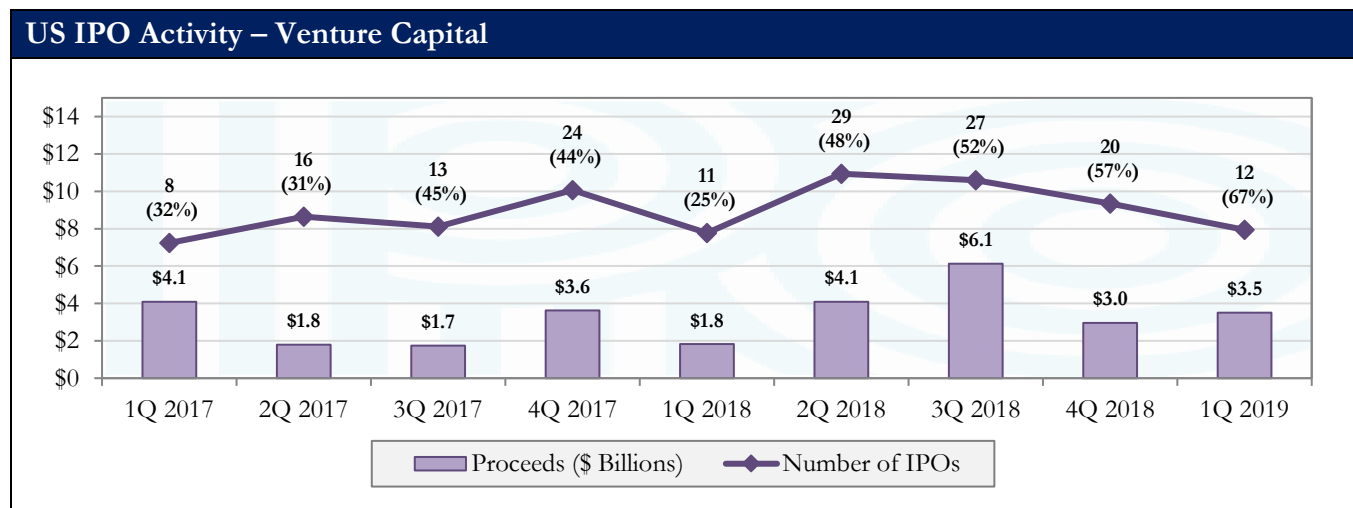
Just one private equity deal went public in the first quarter, raising \$280 million, the lowest level in three years. Backed by Fortress Investment Group, liquefied natural gas infrastructure play New Fortress Energy priced well below its range and finished with a 17% loss. Two other PE-backed companies attempted to raise a combined \$1.2 billion, Fortress-backed Florida rail company Virgin Trains USA and Blackstone-backed HR services provider Alight, but failed to entice investors and postponed.



Source: Renaissance Capital.

Lyft and Healthcare IPOs Drive Venture Exits

Venture capital was behind 12 IPOs that raised \$3.5 billion, or two-thirds of deals and three-quarters of proceeds. VC was virtually the only segment of the IPO market that surpassed the prior year period. 10 VC healthcare IPOs – eight biotechs and two medical device makers – raised a combined \$1.1 billion, including top performer ShockWave, backed by Sofinnova and Venrock. VC’s most notable exit, and group’s only tech name, Lyft, went public at a \$24 billion valuation and traded up a modest 9%.



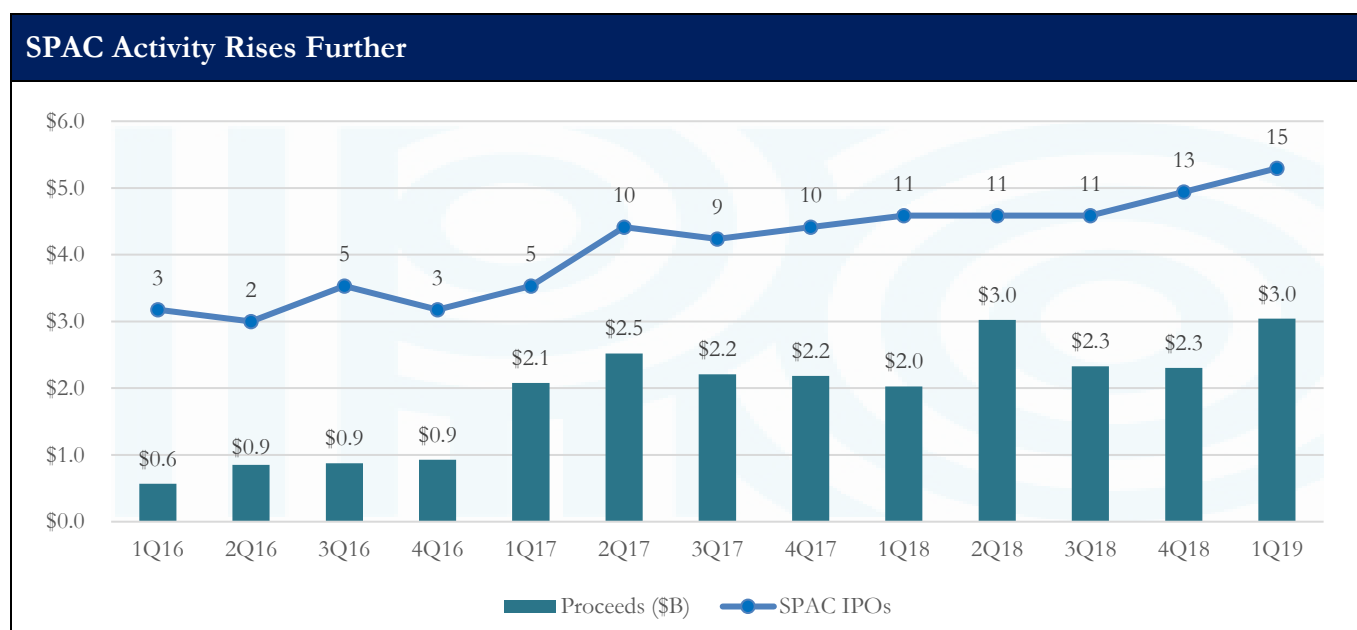
Source: Renaissance Capital. 2Q 2018 excludes Spotify.

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Blank Check IPOs Have Their Biggest Quarter Since 2007

15 blank check companies raised \$3.0 billion during the first quarter, the highest level in over a decade. The average SPAC gained 0.5% on its first day and traded up 0.5% from there, with quarter-end returns ranging from -0.1% to 4.3%. SPAC mergers remained a rare but viable alternative to IPOs, as demonstrated by Bioceres; after postponing its IPO for a second time in 2018, the crop trait developer listed via SPAC merger during the quarter. SPACs are not included in our total IPO statistics.



Source: Renaissance Capital. Includes SPACs listing on the Nasdaq/NYSE/AmEx with a market value above \$50 million.

The quarter's blank check companies had a variety of themes, and six raised \$250 million or more. The largest, Gores Metropoulos, raised \$375 million in the Gores Group's fourth SPAC since 2015, bringing in consumer products dealmaker Dean Metropoulos. Another large SPAC, Acamar Partners Acquisition, raised \$300 million for the Executive Chairman of travel retailer Dufry.

Largest Blank Check IPOs						
Company	Ticker	Target Sector	Sponsor	Offer Date	Deal Size (\$mm)	Return from IPO
Gores Metropoulos	GMHIU	Consumer	Gores Group, D. Metropoulos	31-Jan	\$375	2.4%
Acamar Partners Acquisition	ACAMU	Retail	Dufry Exec. Chairman	21-Feb	\$300	0.0%
Trine Acquisition	TRNE.U	Media	Leo Hindery, HPS	14-Mar	\$261	0.2%
Hennessy Capital Acq. IV	HCACU	Industrial	Hennessy Capital	28-Feb	\$261	0.8%
Crescent Acquisition	CRSAU	Distressed	Crescent Capital	7-Mar	\$250	0.0%
DiamondPeak Holdings	DPHCU	Real Estate	David Hamamoto	27-Feb	\$250	0.2%

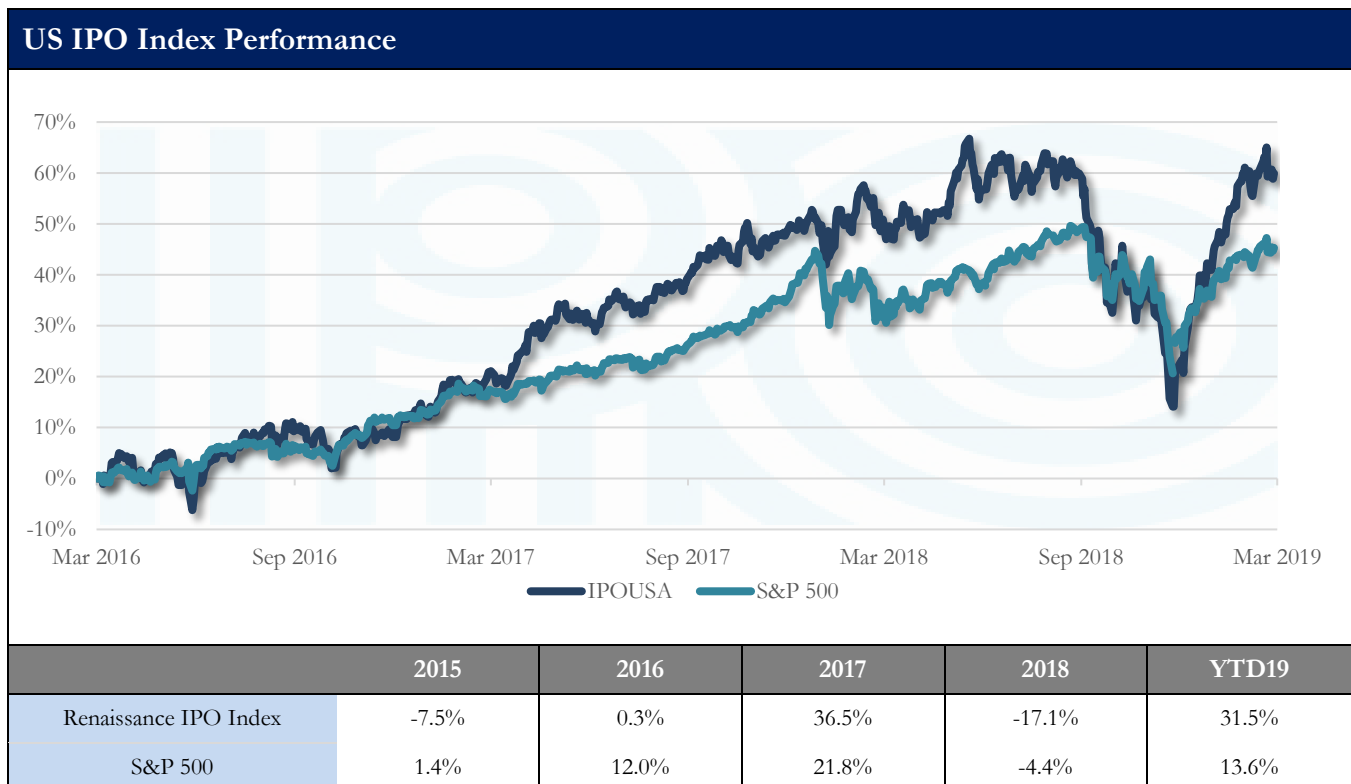
Source: Renaissance Capital. Data through 3/29/19.

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US IPO Index Pummels the S&P 500 in the 1Q19

After falling 23.3% in the 4Q18, the [Renaissance IPO Index \(IPOUSA\)](#), the underlying index for the [Renaissance IPO ETF \(NYSE Ticker: IPO\)](#), rebounded strongly in the 1Q19 with a gain of 31.5%, soundly beating the S&P 500's quarterly return of 13.6%. Almost every sector in the IPO Index traded positive, with the greatest gains from growth sectors Information Technology (+42.2%), Communications Services (+37.8%), and Consumer Discretionary (+30.9%). Battered social media startup Snap staged a comeback (+98.6%) alongside several other notable contributors, including cybersecurity company Zscaler (+81.2%) and cable provider Altice USA (+28.7%). The quarter's worst-performing sectors were Materials (-0.3%), Consumer Staples (+22.2%), and Energy (+15.7%). Leading on the downside were Chinese electric car maker NIO (-21.3%) and lithium producer Livent (-11.1%). Because of its proposed size, Lyft is a candidate to enter the index on a fast entry basis, as soon as five trading days after the offering.



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 March 29, 2019.

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Surge of New IPO Filings Indicates a Robust 2Q19

There were 35 new filings in the 1Q19, higher than the quarter's 18 pricings and 11 withdrawals, but below the number of new filings in the prior year period (43). The IPO pipeline now contains 73 companies looking to raise about \$17 billion, roughly half of which have filed or updated in the past 90 days. By sector, this "active pipeline" is led by technology (12), healthcare (9), and financials (5). About one-third are foreign filers, mostly from China.

More companies filed in March than the previous two months combined, signaling that the IPO market is ready to gain steam again after the slow start to the year. The pipeline contains four potentially billion-dollar IPOs, all of which filed in the 1Q19: healthcare software provider Change Healthcare, LBO'd laboratory supplies company Avantor, fast-growing photo sharing platform Pinterest, and Chinese e-commerce site Yunji. Tech unicorn Zoom Video and PE-backed trading platform Tradeweb Markets combine fast growth and profitability, while PagerDuty and Tufin Software hope to continue last year's strong reception of enterprise software plays. Plant-based burger maker Beyond Meat calls itself one of the fastest-growing food companies, with sales up 170% in 2018.

Below we highlight nearly 20 companies on file that are poised for 2Q19 IPOs.

Notable Upcoming IPOs							
File Date	Company	Ticker	Industry	Est. Deal Size (\$mm)	LTM Sales (\$mm)	YoY Sales Growth %	EBIT %
03/22/19	Pinterest	PINS	Technology	\$2,000	\$756	60%	-10%
03/15/19	Change Healthcare	CHNG	Technology	\$2,000	\$3,286	-1%	13%
02/08/19	Avantor	AVTR	Materials	\$1,500	\$5,864	80%	7%
03/21/19	Yunji	YJ	Technology	\$1,000	\$1,943	102%	-1%
03/07/19	Tradeweb Markets*	TW	Financials	\$500	\$684	22%	25%
12/04/18	Ardent Health Partners	ARDT	Healthcare	\$400	\$4,162	39%	-3%
03/22/19	Zoom Video Comm.	ZM	Technology	\$300	\$331	118%	2%
03/12/19	Jumia Technologies*	JMIA	Technology	\$196	\$147	39%	-130%
03/06/19	Ruhnn Holding*	RUHN	Technology	\$125	\$157	64%	-10%
03/18/19	Brigham Minerals	MNRL	Energy	\$100	\$67	64%	68%
03/06/19	Tufin Software Technology	TUFN	Technology	\$100	\$85	32%	-2%
03/15/19	PagerDuty	PD	Technology	\$100	\$118	48%	-36%
11/16/18	Beyond Meat	BYND	Consmr Staples	\$100	\$88	170%	-32%
09/28/18	Revolve Group	RVLV	Consmr Disc	\$100	\$499	25%	8%
09/28/18	NGM Biopharmaceuticals*	NGM	Healthcare	\$100	\$109	41%	-4%
03/21/19	Turning Point Therapeutics	TPTX	Healthcare	\$100	-	-	-
03/20/19	Greenlane Holdings	GNLN	Consmr Disc	\$92	\$179	103%	-1%
03/04/19	Silk Road Medical*	SILK	Healthcare	\$75	\$35	142%	-62%

Source: Renaissance Capital. *IPO scheduled for early April.

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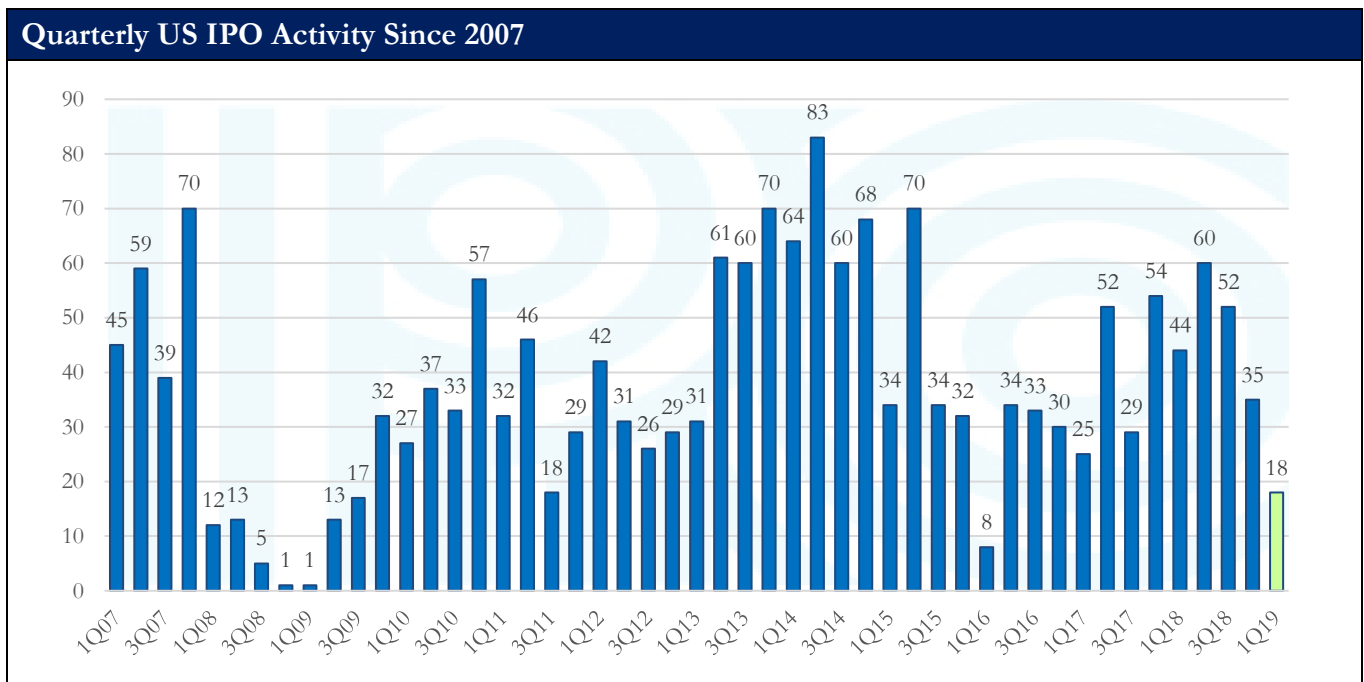
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Outlook

Building momentum in the IPO market has set the stage for continued strength in the remainder of the year. Year-to-date, the IPO Index has surged 31%, with the tech names averaging more than 40%. After years of IPO rumors, the waiting game is finally over for Uber, Pinterest, Slack, and dozens of smaller VC-backed unicorns, such as Zoom Video and PagerDuty. Lyft’s \$2.3 billion IPO kicked things off, and four more estimated billion-dollar offerings have already filed publicly. While this stampede of US tech unicorns will be the big story of 2019, we also expect to see a broad pick-up in activity across multiple sectors and geographies. Healthcare will stay active as biotechs with billion-plus valuations become more common. Private equity is behind a few large IPOs on file, including software provider Change Healthcare and lab supplies seller Avantor. Chinese issuers should continue to tap US markets, including a potential billion-dollar offering from e-commerce play Yunji.

At the start of the year, the combination of high market volatility and a deep bench of unicorns led us to an admittedly safe prediction of 100 to 200 IPOs in 2019. Heading into the 2Q19, it is increasingly likely that a booming tech sector will push that number up near the high end of our estimate, supported by a wave of recent filings. Barring a sudden downturn, the second quarter could easily match the 60 deals seen in the 2Q18, and the market could maintain that level through year-end.

[To see the full 1Q19 Deal List and 14 potential IPOs from our Private Company Watchlist, sign up for IPO Pro](#)



Source: Renaissance Capital.

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