

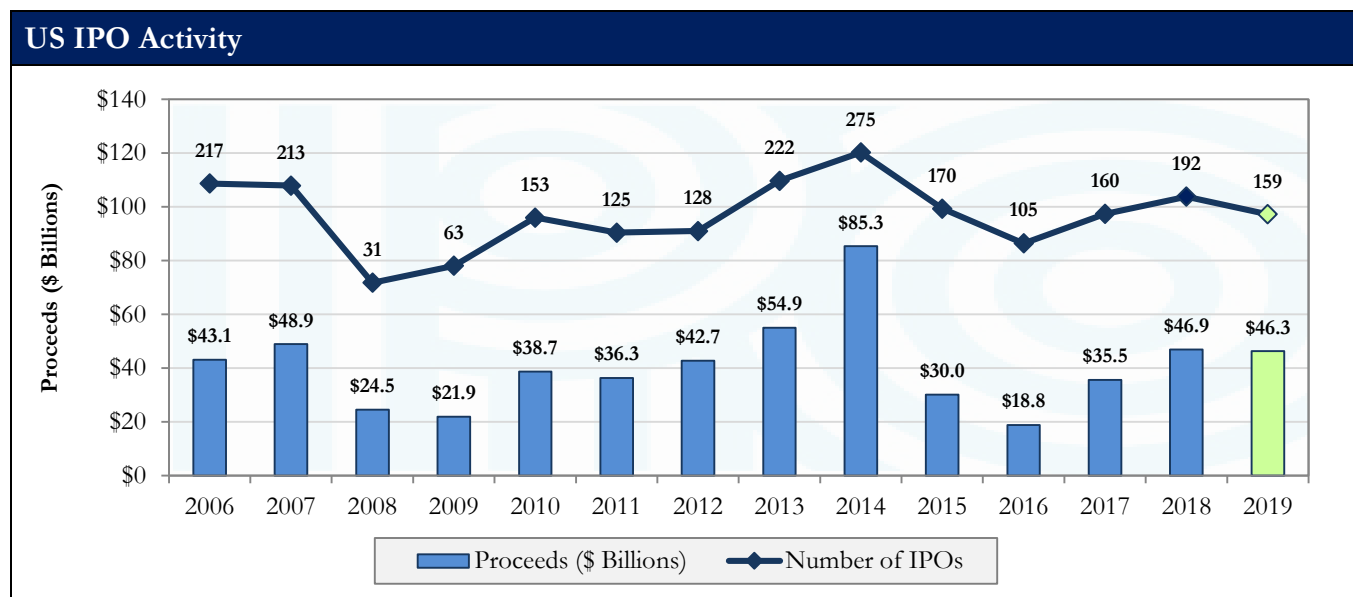
December 23, 2019

## 2019 IPO Market: Better Than the Headlines

The long-awaited debuts of mega unicorns Uber and Lyft were mega busts, capped off by WeWork's kamikaze IPO attempt in September. But beyond these headline-grabbing disappointments, the IPO market had a mostly good year. Returns averaged 20%, with 159 IPOs raising \$46 billion in proceeds. Biotechs remained the single most active sector, followed closely by technology. While tech unicorn Slack failed to hold up after its direct listing, fast growing software makers with a clear path to profitability like Zoom Video and Bill.com had strong trading with traditional IPOs. High growth consumer names had mixed receptions, with Beyond Meat soaring while Peloton and SmileDirect suffered. Blank check IPOs were active, with Virgin Galactic successfully going public from a SPAC acquisition. Entering 2020, the IPO backlog of billion-dollar companies is larger than ever, underpinning another fairly active year.

### Key Takeaways:

- US IPO Count Falls to 159, Proceeds About Flat
- IPOs Average a 20% Gain, Driven by Strong First-Days and Several 200%+ Returns
- Renaissance IPO Index Returns 34%, Outperforming the Broader Market
- 9 IPOs Raise Over \$1 Billion, with Listings from Mega Unicorns Uber, Lyft, Pinterest, and Slack
- Healthcare and Tech Dominate IPO Activity for the Fifth Straight Year
- 2020's Massive Backlog Will See Excitement for Some and Down Rounds for Others



Data set includes IPOs with a market cap above \$50 million, and excludes closed-end funds, unit offerings, and SPACs. 2019 does not include Slack's direct listing, or Molecular Data Inc. which is scheduled to trade on 12/30. Proceeds totals do not include underwriter over-allotments. Source: Renaissance Capital.

**\*Exclusively for IPO Pro Users**

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### US IPO Count Falls to 159, Proceeds About Flat

| Key US IPO Statistics – Activity |        |        |        |        |        |        |        |        |        |
|----------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| IPO Volume                       | 2011   | 2012   | 2013   | 2014   | 2015   | 2016   | 2017   | 2018   | 2019   |
| Number of Deals                  | 125    | 128    | 222    | 275    | 170    | 105    | 160    | 192    | 159    |
| Proceeds Raised (US\$ in bil)    | \$36.3 | \$42.7 | \$54.9 | \$85.3 | \$30.0 | \$18.8 | \$35.5 | \$46.9 | \$46.3 |
| Median Deal Size (US\$ in mil)   | \$160  | \$124  | \$126  | \$100  | \$94   | \$95   | \$120  | \$107  | \$108  |
| PE-Backed Deals                  | 35     | 45     | 68     | 71     | 39     | 30     | 46     | 44     | 24     |
| PE-Backed Proceeds (US\$ in bil) | \$20.4 | \$10.3 | \$24.5 | \$25.0 | \$11.3 | \$8.8  | \$13.4 | \$16.0 | \$11.3 |
| VC-Backed Deals                  | 51     | 46     | 82     | 126    | 85     | 42     | 61     | 87     | 86     |
| VC-Backed Proceeds (US\$ in bil) | \$7.9  | \$20.7 | \$9.7  | \$35.3 | \$8.9  | \$3.5  | \$11.3 | \$15.0 | \$26.3 |

Source: Renaissance Capital.

The US IPO market took a step back in 2019 as deal count fell to 159, the lowest since 2016. However, even without Slack, which opted for a direct listing, IPO proceeds remained steady at \$46 billion as nine billion-dollar deals helped offset the lower deal count. Median deal size was above \$100 million for the third year in a row, and slightly up from last year. Healthcare and tech continued to dominate IPO activity, accounting for over two-thirds of issuance. Foreign issuers remained active, accounting for 29% of all US IPOs, and included a surge of Chinese companies in the fourth quarter.

The 2019 IPO market got off to a slow start as the government shutdown loomed, but looked poised for a strong year thanks to a robust second quarter, which delivered the most IPOs in a single quarter since 2014. However, poor trading and a number of high-profile disappointments, including WeWork's failed IPO, soured investors' appetite for fast-growing, high-loss companies, causing IPO candidates to delay jumping into public markets.

Private equity saw a big drop in the number of deals as a number of high-profile public debuts did not get done, while proceeds raised from VC-backed deals rose 75% thanks to the large tech unicorns.

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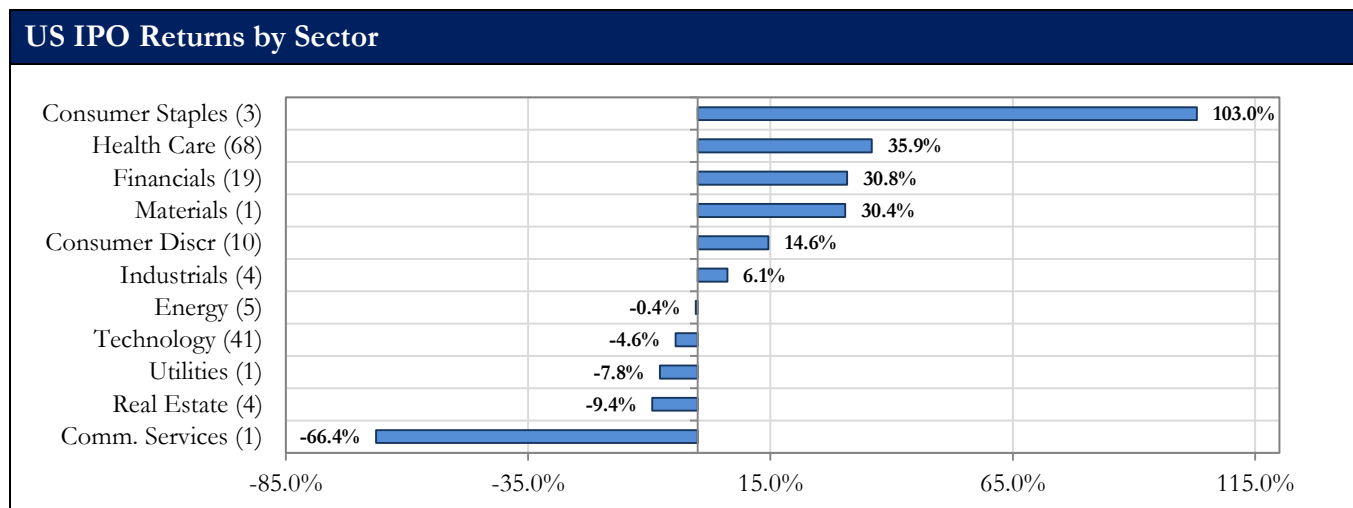
### IPOs Average a 20% Gain, Driven by Strong First-Day Pops

| Key US IPO Statistics - Performance           |        |       |       |        |       |
|---|--------|-------|-------|--------|-------|
|   | 2015   | 2016  | 2017  | 2018   | 2019  |
| Avg. Total Return                             | -2.1%  | 25.5% | 25.9% | -1.9%  | 20.5% |
| Avg. First-Day Return                         | 14.3%  | 11.4% | 11.8% | 15.7%  | 18.2% |
| Avg. Aftermarket Return*                      | -13.9% | 14.3% | 13.2% | -16.7% | 1.1%  |
| Renaissance IPO Index                         | -8.0%  | -0.5% | 35.8% | -17.1% | 34.0% |
| S&P 500                                       | -0.7%  | 9.5%  | 19.4% | -4.4%  | 30.4% |
| Russell 3000                                  | -1.5%  | 10.4% | 18.9% | -5.2%  | 27.5% |
| % Trading <b>Above</b> Issue at Year-End      | 42.9%  | 69.5% | 63.8% | 38.9%  | 56.6% |
| % Deals with <b>Negative</b> First-Day Return | 27.1%  | 25.7% | 23.8% | 24.2%  | 30.2% |
| % Deals Priced <b>Below</b> the Range         | 32.9%  | 32.4% | 25.6% | 18.4%  | 18.2% |

\*Aftermarket returns are from the first-day close to year-end. Data through 12/19/19. Source: Renaissance Capital.

IPOs performed well overall in 2019. The average first-day pop was the highest since 2013 at 18%. Both the average total return of 24% and the average aftermarket return of 3% improved from the previous year despite a market slump in the 3Q and some poor-performing high-profile deals. Only 18% of IPOs priced below the range, nearly half of which went public in the 4Q in a period of heightened investor caution and pricing pressure. 57% finished the year above issue, in line with the 10-year average of 58%.

The consumer staples sector posted a strong 103% average return with BellRing Brands, Grocery Outlet, and star performer Beyond Meat, currently up more than 200%. After that, healthcare averaged a 36% return, with several biotechs up 100% or more, offsetting the 40% trading below issue. Financials hit a three-year high with a 31% average, led by outperformers Palomar and Progyny. Tech averaged a negative return for the first time in four years at -5%. The sector was hit by disappointing performances from several highly-publicized tech unicorns, multiple contraction for high-growth stocks, and a slew of poor-performing Chinese companies. The return for US tech issuers raising over \$50 million was noticeably better at 22%, but middling by historical standards.



Data through 12/19/19. Source: Renaissance Capital.

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**Healthcare and Tech Lead IPO Activity for the Fifth Straight Year**

The technology and healthcare sectors produced 111 IPOs, or 70% of the total – the highest concentration in over 10 years. While the two sectors each had fewer IPOs than 2018, both raised more proceeds. Healthcare was again the most active sector with 43% of 2019 IPOs, as a number of diagnostics and medical device companies joined the biotech boom, now in its seventh year. Seven biotechs went public at billion-plus valuations, up from five last year, including the largest development-stage biotech ever to list in the US, Genmab. Technology made up one quarter of US IPOs, but a whopping 46% of proceeds, thanks to a stampede of highly-valued unicorns. Uber and Lyft led the charge, raising \$8.1 billion and \$2.3 billion respectively, along with two other billion-dollar tech IPOs. The financials sector remained active with 19 IPOs, mostly regional banks and insurers. Financials also raised more than last year, helped by billion-dollar IPOs Tradeweb and XP. Brazil-based XP was one of four foreign brokerages to list in the US, along with three Chinese issuers. The consumer discretionary sector saw Levi Strauss's return to public markets, along with large IPOs from home fitness company Peloton and China-based Luckin Coffee. Avantor raised \$2.9 billion in the largest IPO from a materials company in over a decade.

While not counted below, 59 blank check companies raised \$12.1 billion. SPACs again hit a more than 10-year record in 2019.

| <b>IPOs and Proceeds by Sector (US\$ Billion)</b> |             |           |                  |             |           |                  |             |           |                  |             |           |                  |             |           |                  |
|---|-------------|-----------|------------------|-------------|-----------|------------------|-------------|-----------|------------------|-------------|-----------|------------------|-------------|-----------|------------------|
| <b>Sector</b>                                     | <b>2015</b> |           |                  | <b>2016</b> |           |                  | <b>2017</b> |           |                  | <b>2018</b> |           |                  | <b>2019</b> |           |                  |
|   | <b>#</b>    | <b>\$</b> | <b>% of IPOs</b> | <b>#</b>    | <b>\$</b> | <b>% of IPOs</b> | <b>#</b>    | <b>\$</b> | <b>% of IPOs</b> | <b>#</b>    | <b>\$</b> | <b>% of IPOs</b> | <b>#</b>    | <b>\$</b> | <b>% of IPOs</b> |
| Healthcare  | 78          | \$6.7     | 46%              | 42          | \$3.4     | 40%              | 47          | \$4.2     | 29%              | 76          | \$9.1     | 40%              | 69          | \$9.2     | 43%              |
| Technology  | 28          | \$7.7     | 16%              | 21          | \$2.9     | 20%              | 39          | \$10.1    | 24%              | 52          | \$18.3    | 27%              | 42          | \$21.9    | 26%              |
| Financials  | 16          | \$1.3     | 9%               | 11          | \$2.8     | 10%              | 21          | \$3.1     | 13%              | 19          | \$4.3     | 10%              | 19          | \$5.2     | 12%              |
| Consumer Discr                                    | 12          | \$3.1     | 7%               | 5           | \$1.5     | 5%               | 12          | \$2.2     | 8%               | 17          | \$4.1     | 9%               | 9           | \$3.1     | 6%               |
| Energy  | 11          | \$4.5     | 6%               | 4           | \$1.4     | 4%               | 14          | \$4.4     | 9%               | 7           | \$1.5     | 4%               | 6           | \$1.3     | 4%               |
| Industrials                                       | 7           | \$1.5     | 4%               | 10          | \$3.5     | 10%              | 10          | \$3.8     | 6%               | 10          | \$4.1     | 5%               | 4           | \$0.9     | 3%               |
| Real Estate                                       | 5           | \$1.1     | 3%               | 4           | \$1.5     | 4%               | 7           | \$2.6     | 4%               | 6           | \$3.7     | 3%               | 4           | \$0.3     | 3%               |
| Consumer Staples                                  | 3           | \$1.2     | 2%               | 4           | \$1.6     | 4%               | 1           | \$0.0     | 1%               | 1           | \$0.6     | 1%               | 3           | \$1.1     | 2%               |
| Materials   | 5           | \$1.5     | 3%               | 2           | \$0.1     | 2%               | 6           | \$2.7     | 4%               | 2           | \$0.9     | 1%               | 1           | \$2.9     | 1%               |
| Comm. Services                                    | 2           | \$0.1     | 1%               | 0           | \$0.0     | 0%               | 3           | \$2.5     | 2%               | 1           | \$0.0     | 1%               | 1           | \$0.2     | 1%               |
| Utilities   | 3           | \$1.3     | 2%               | 2           | \$0.1     | 2%               | 0           | \$0.0     | 0%               | 1           | \$0.3     | 1%               | 1           | \$0.2     | 1%               |

Data through 12/19/19. Source: Renaissance Capital.

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**9 IPOs Raise Over \$1 Billion, with Listings from Mega Unicorns Uber, Lyft, Pinterest, and Slack**

The year's 10 largest IPOs raised \$22 billion, nearly half of total proceeds, and the most since 2014. Seven of the 10 were consumer-facing companies with billions in sales and steep losses. Public investors were ultimately unwilling to give premium valuations to companies with unproven models in highly competitive markets, and the 10 largest averaged a return of just 2%.

The year's most highly-anticipated IPO, Uber raised \$8.1 billion at a market cap of \$82 billion, the largest offering since Alibaba (2014) and the largest from a US company since Facebook (2012). Like its rival Lyft a few months earlier, Uber disappointed from the start: The ridesharing giant priced below its last private round, and dropped 8% on day one. Uber had the highest losses of any company ever to go public, a distinction briefly held by Lyft, and both companies finished the year down more than 30%. Pinterest, Peloton, and SmileDirectClub faced similar pressure on their valuations, with SmileDirect dropping 28% on its first day, the worst for a billion-dollar IPO in at least 25 years. After slashing its price, lab supplier Avantor raised \$2.9 billion in the largest offering from an LBO in eight years, eventually trading up to its original range. The top two performers among the year's largest were both relatively fast growing and profitable financial firms, US bond trading platform Tradeweb and Brazilian brokerage XP.

The We Company had planned on raising over \$3 billion before withdrawing its S-1, while LBO'd waste management firm GFL Environmental postponed its \$1.9 billion IPO, the largest deals to withdraw or postpone in years.

Slack completed a direct listing on the NYSE in June that valued it at over \$20 billion, the year's third-largest listing by market cap behind Uber and Lyft. The highly-valued, high cash-burn company finished the year 44% below its first-day close.

| Largest US IPOs              |        |            |                  |                |               |                 |
|------------------------------|--------|------------|------------------|----------------|---------------|-----------------|
| Company                      | Ticker | Offer Date | Deal Size (\$mm) | Sector         | First-Day Pop | Return from IPO |
| Uber Technologies            | UBER   | 9-May      | \$8,100          | Technology     | -7.6%         | -33.4%          |
| Avantor                      | AVTR   | 16-May     | \$2,898          | Materials      | 3.6%          | 30.4%           |
| Lyft                         | LYFT   | 28-Mar     | \$2,340          | Technology     | 8.7%          | -35.7%          |
| XP                           | XP     | 10-Dec     | \$1,958          | Financials     | 27.6%         | 39.9%           |
| Pinterest                    | PINS   | 17-Apr     | \$1,425          | Technology     | 28.4%         | -2.5%           |
| SmileDirectClub              | SDC    | 11-Sep     | \$1,346          | Healthcare     | -27.5%        | -62.8%          |
| Peloton Interactive          | PTON   | 25-Sep     | \$1,160          | Consumer Discr | -11.2%        | 7.3%            |
| Tradeweb Markets             | TW     | 3-Apr      | \$1,080          | Financials     | 32.6%         | 73.3%           |
| Chewy                        | CHWY   | 13-Jun     | \$1,023          | Technology     | 59.0%         | 26.9%           |
| DouYu International Holdings | DOYU   | 16-Jul     | \$775            | Technology     | 0.0%          | -32.7%          |

Data through 12/19/19. Source: Renaissance Capital.

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## Healthcare Makes Up the Best and Worst IPOs of 2019

The year's best-performing IPOs were primarily healthcare. Six biotechs made it into the top 10, with positive trial results and milestone achievements causing names like Karuna Therapeutics (schizophrenia) and NextCure (lung cancer) to rocket. High-growth medical device makers InMode and ShockWave Medical were also among the year's best performers. Beyond Meat's strong growth and vast market opportunity made it an instant favorite with investors, while small-cap insurer Palomar rose to the top after posting outsized premium growth.

| Best-Performing US IPOs    |        |            |                  |                  |               |                 |
|----------------------------|--------|------------|------------------|------------------|---------------|-----------------|
| Company                    | Ticker | Offer Date | Deal Size (\$mm) | Sector           | First-Day Pop | Return from IPO |
| Karuna Therapeutics        | KRTX   | 27-Jun     | \$89             | Healthcare       | 25.1%         | 363.6%          |
| NextCure                   | NXTC   | 8-May      | \$75             | Healthcare       | 32.7%         | 266.8%          |
| Palomar Holdings           | PLMR   | 16-Apr     | \$84             | Financials       | 26.6%         | 256.6%          |
| Turning Point Therapeutics | TPTX   | 16-Apr     | \$167            | Healthcare       | 60.6%         | 244.9%          |
| Monopar Therapeutics       | MNPR   | 18-Dec     | \$9              | Healthcare       | 231.3%        | 231.3%          |
| InMode                     | INMD   | 7-Aug      | \$70             | Healthcare       | -3.1%         | 217.4%          |
| Beyond Meat                | BYND   | 1-May      | \$241            | Consumer Staples | 163.0%        | 209.4%          |
| Cortexyme                  | CRTX   | 8-May      | \$75             | Healthcare       | 93.5%         | 178.6%          |
| ShockWave Medical          | SWAV   | 6-Mar      | \$97             | Healthcare       | 79.4%         | 163.4%          |
| Applied Therapeutics       | APLT   | 13-May     | \$40             | Healthcare       | -6.0%         | 130.4%          |

Data through 12/19/19. Source: Renaissance Capital.

The year's worst performers included four biotechs and micro-cap medical food maker Guardion. China-based sports marketing firm Wanda Sports Group had one of the worst public debuts of the decade, and continued to decline from there; another large media company, Endeavor, postponed. Cannabis producer Sundial Growers and vape products distributor Greenlane were hurt by weakening investor sentiment and growing regulation.

| Worst-Performing US IPOs |        |            |                  |                |               |                 |
|--------------------------|--------|------------|------------------|----------------|---------------|-----------------|
| Company                  | Ticker | Offer Date | Deal Size (\$mm) | Sector         | First-Day Pop | Return from IPO |
| Guardion Health Sciences | GHSI   | 4-Apr      | \$5              | Healthcare     | -8.0%         | -95.0%          |
| Anchiano Therapeutics    | ANCN   | 12-Feb     | \$31             | Healthcare     | -6.1%         | -86.8%          |
| Greenlane Holdings       | GNLN   | 17-Apr     | \$102            | Consumer Discr | 24.1%         | -83.8%          |
| Axcella Health           | AXLA   | 8-May      | \$71             | Healthcare     | -31.0%        | -83.1%          |
| Sundial Growers          | SNDL   | 31-Jul     | \$143            | Consumer Discr | -34.8%        | -81.5%          |
| Super League Gaming      | SLGG   | 25-Feb     | \$25             | Technology     | -22.7%        | -78.0%          |
| Sonim Technologies       | SONM   | 9-May      | \$39             | Technology     | -0.1%         | -72.2%          |
| Wanda Sports Group       | WSG    | 26-Jul     | \$190            | Comm Services  | -35.5%        | -66.4%          |
| Trevi Therapeutics       | TRVI   | 7-May      | \$55             | Healthcare     | -21.1%        | -64.3%          |
| Kaleido Biosciences      | KLDO   | 27-Feb     | \$75             | Healthcare     | -5.1%         | -63.9%          |

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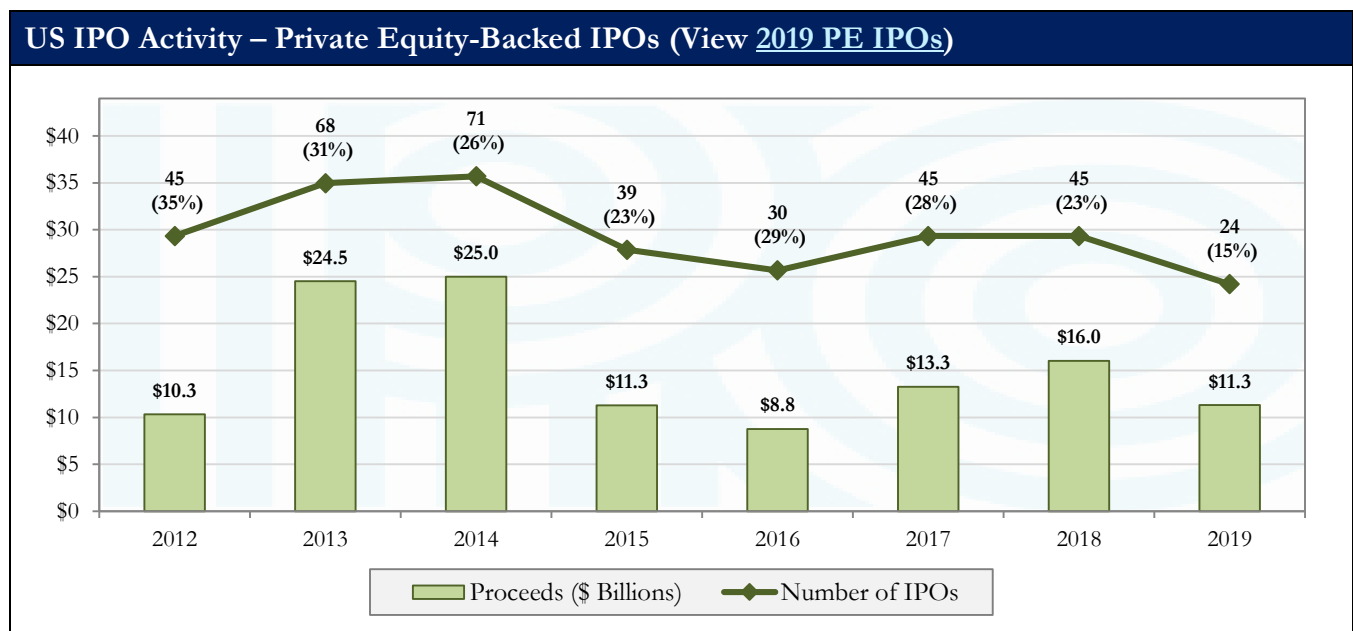
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### Private Equity IPO Count Drops to 10-Year Low While Deal Size Increases 32%

Private equity was behind 24 IPOs raising \$11 billion. While deal count dropped to the lowest level since 2009, average deal size increased 32% to the highest level since 2011 at \$471 million. The group included six LBOs, a 66% decline from last year, and 18 backed by growth or other private equity. A number of notable pulled IPOs contributed to the lower deal count including LBO'd GFL Environmental and global entertainment and talent agency Endeavor Group, both of which were slated to go public in the back-half of the year. Poor performance by 2018's crop of private equity IPOs may have contributed to the slowing activity in 2019. That said, the ones that did go public in 2019 had a strong year, averaging a 36% gain, with all but five of the 24 IPOs achieving positive returns, led by deals from the financials sector.

PE was behind four billion-dollar IPOs: Brazilian digital brokerage XP, laboratory supplies company Avantor, trading platform Tradeweb Markets, and one of the most highly publicized deals in SmileDirectClub, which was the worst performing PE-backed deal of the year and one of the worst performing IPOs overall at -66%. Palomar Holdings took the top spot with a 256% return.



Source: Renaissance Capital.

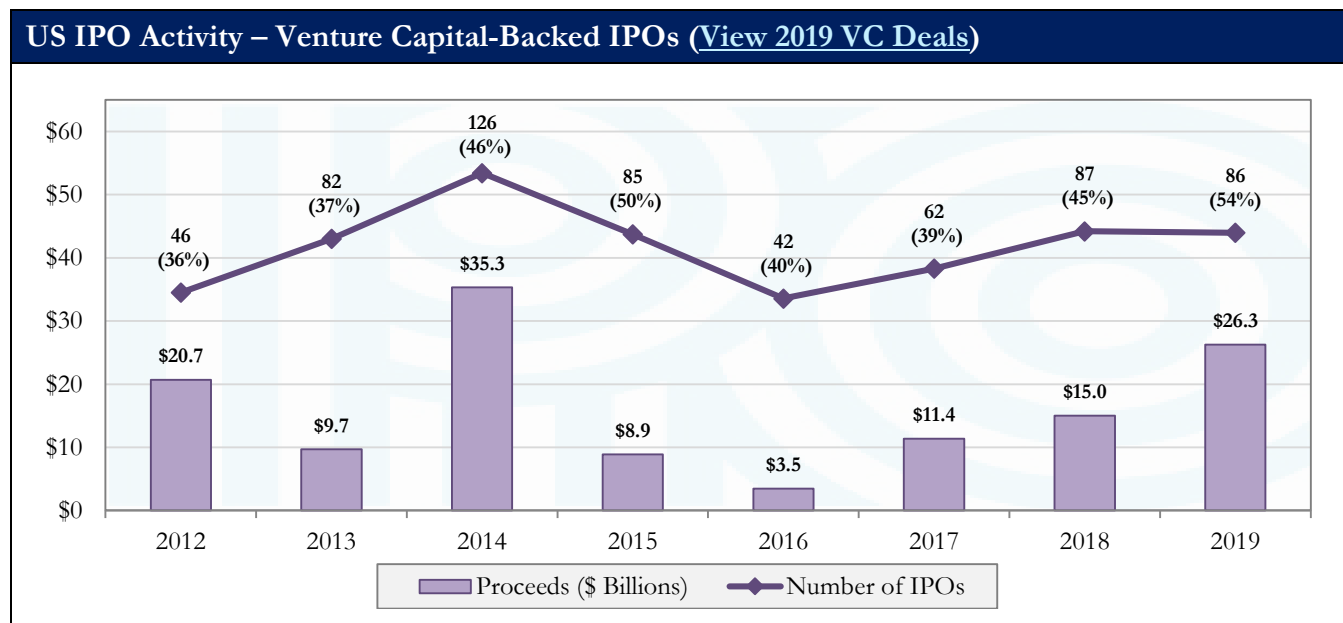
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### Venture Capital Proceeds Soar from Mega Unicorn Offerings

Venture capital backed 86 IPOs, 54% of the year's total, and in line with last year. VC-backed proceeds rose more than 75% in 2019 to \$26.3 billion, the highest since 2014, led by Uber's \$8 billion IPO. The proceeds also benefited from several large deals from consumer-focused companies (e.g. Lyft, Pinterest, Peloton) and enterprise software firms (e.g. Zoom Video, Datadog, CrowdStrike). That said, VC-backed tech averaged a -2% return, driven down in part by public investors balking at the private valuations that the VCs attributed to many of these tech names, as well as weak returns from Chinese issuers. Average biotech deal size remained high at \$102 million and biotech contributed nearly half of all VC-backed deals, including the year's best performing IPO in Karuna Therapeutics (+364%). Overall, venture performed in line with the market at 28% vs. 27% for the S&P 500, buoyed by strong healthcare returns.



Source: Renaissance Capital.

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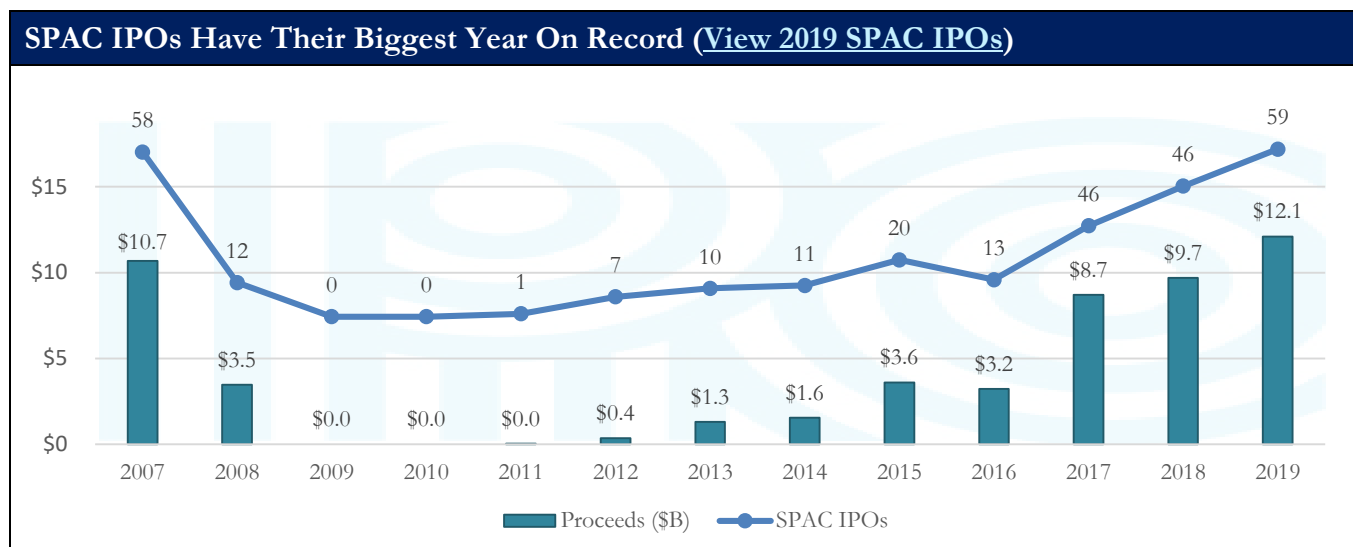
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### Blank Check IPOs Hit an All-Time High with 59 SPACs Raising \$12.1 Billion

59 blank check companies raised \$12.1 billion during 2019, the most ever. There were fewer mega SPACs, with only one deal raising \$500 million or more in 2019, down from three in both 2018 and 2019. The average SPAC gained 0.6% on its first day and traded up 2.6% from there, with 90% of deals finishing in a narrow band of -2% to 6% from the offer price. SPACs are not included in our total IPO statistics.



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

Consumer discretionary was the most targeted sector with 12 SPACs raising \$2.8 billion, including two of the five largest. The year's five largest SPACs were all led by management teams that had delivered strong returns with previous SPAC acquisitions. While not listed below, 2017 SPAC IPO Social Capital Hedosophia completed a high-profile acquisition of Virgin Galactic in October 2019.

**2019's Largest Blank Check IPOs**

| Company                     | Ticker | Target Sector  | Sponsor/Executives      | Offer Date | Deal Size (\$mm) | Return from IPO |
|-----------------------------|--------|----------------|-------------------------|------------|------------------|-----------------|
| Churchill Capital II        | CCX.U  | Misc.          | M. Klein                | 26-Jun     | \$600            | 1.5%            |
| Conyers Park II Acquisition | CPAAU  | Consumer Disc. | Centerview Capital      | 17-Jul     | \$400            | 10.4%           |
| Gores Metropoulos           | GMHIU  | Misc.          | The Gores Group         | 31-Jan     | \$375            | 6.2%            |
| Haymaker Acquisition II     | HYACU  | Consumer Disc. | S. Heyer, A. Heyer      | 6-Jun      | \$350            | 5.0%            |
| Diamond Eagle Acquisition   | DEACU  | Misc.          | J. Sagansky, E. Baker   | 10-May     | \$350            | 5.8%            |
| Apex Technology Acquisition | APT XU | Technology     | B. Koenig, A. Vieux     | 16-Sep     | \$305            | 3.9%            |
| Juniper Industrial Holdings | JIH.U  | Industrials    | R. Fradin, B. Cook      | 7-Nov      | \$300            | 0.1%            |
| Thunder Bridge Acq. II      | THBRU  | Technology     | G. Simanson             | 8-Aug      | \$300            | 3.8%            |
| Switchback Energy Acq.      | SBE.U  | Energy         | NGP Natural Resources   | 25-Jul     | \$300            | 0.0%            |
| Acamar Partners Acquisition | ACAMU  | Consumer Disc. | J. Torres, L. Solorzano | 21-Feb     | \$300            | 2.2%            |
| CHP Merger Corp.            | CHPMU  | Healthcare     | Concord Health Partners | 21-Nov     | \$275            | 1.5%            |

Data through 12/19/19. Source: Renaissance Capital.

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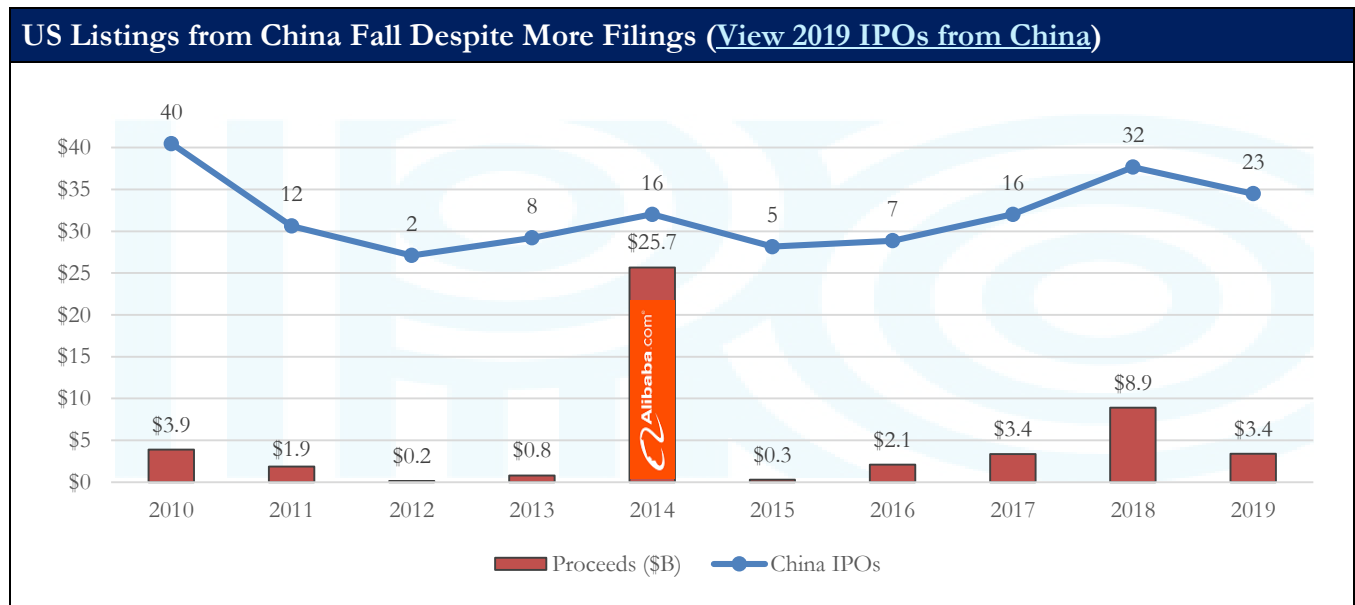
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### Chinese Issuers Flock to US Markets Despite Challenging Environment

23 China-based companies listed in the US in 2019, raising a combined \$3.4 billion. Chinese issuers accounted for 14% of US IPOs and 7% of total proceeds, down from last year's 17% and 19%, respectively. Half of issuers were from the tech sector, including e-sport streaming platform DouYu International, which raised \$775 million in the year's largest Chinese-issued US IPO. Real estate made an appearance for the first time since 2010 with US IPOs from apartment sub-leaser Q&K International and online real estate marketplace Fangdd Network.

Chinese issuers continued to trade poorly in the US in 2019, averaging a 4% first day return and a -18% total return with just five currently trading above issue. As with 2018, Chinese IPOs frequently included significant insider buying or had a portion of shares pre-bought by new investors. This led the Nasdaq to consider a crackdown on small Chinese IPOs with mostly Chinese ownership. The US-China trade war, political turmoil in Hong Kong, and rumors that the Trump administration was considering delisting Chinese stocks altogether also added tension and uncertainty.

Despite the challenging environment, 47 China-based companies submitted initial filings in the US, up 31% from 2018. 24 Chinese issuers are now cued up in the US IPO pipeline. Mostly smaller deals, 20 of the issuers filed to raise \$100 million or less.



Excludes SPACs, best-efforts IPOs, deals that raise <\$5mm or have a market cap <\$50mm. Includes Hong Kong-based companies. Source: Renaissance Capital.

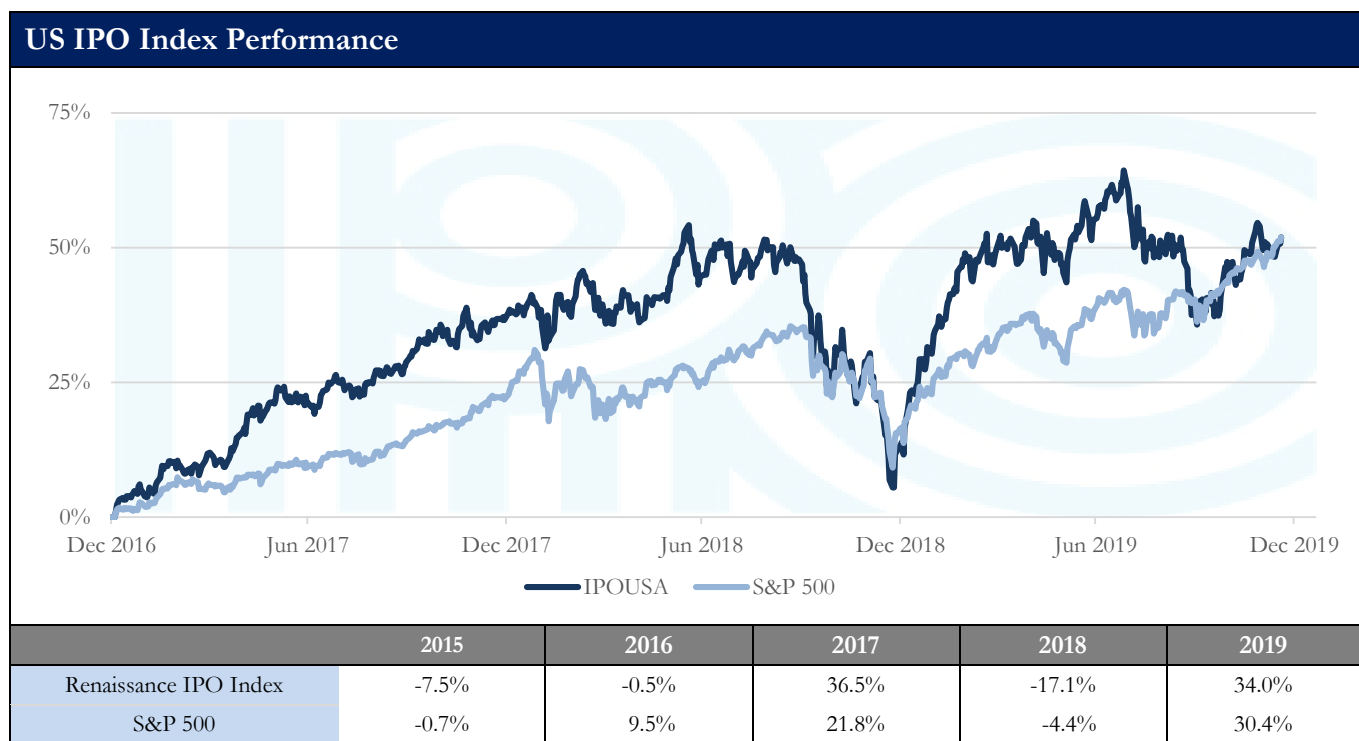
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### Renaissance IPO Index Beats the S&P After Comeback in the 4Q

The [Renaissance IPO Index \(IPOUSA\)](#), the underlying index for the [Renaissance IPO ETF \(NYSE Ticker: IPO\)](#), outperformed domestic equity benchmarks, gaining 34.0% compared to the S&P's 30.4%. Top-performing sectors included Communication Services, Information Technology, and Real Estate, with positive contributions from Roku (ROKU; +350%), Okta (OKTA; +92%), and DocuSign (DOCU; +83%). The worst-performing sectors were Healthcare, Materials, and Consumer Staples, with notable underperformers including high-profile 2019 listings Uber (UBER; -28%), Slack Technologies (WORK; -41%), and Pinterest (PINS; -34%). In its fourth quarterly rebalance of the year, the Index added seven companies, including bioinformatics instrument maker 10x Genomics, analytics unicorn Datadog, and fitness equipment maker Peloton Interactive.



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 December 19, 2019.

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### Public Pipeline dominated by Chinese IPOs

204 companies filed for IPOs this year, down 8% from 2018, and slightly below the 10-year average of 216. There are 62 companies publicly on file looking to raise a combined \$11 billion, down from 70 at year-end 2018 and 73 the year before that. The pipeline’s “active backlog” of companies that have submitted filings within the past 90 days stands at 35 deals targeting \$6 billion, led by healthcare (10) and technology (8). Chinese deals (19; 54%) dominate the active pipeline.

The table below highlights some of the largest deals in the pipeline, with household product provider Reynolds Consumer Products, which could raise \$1.5 billion in an early 2020 IPO, the most well-known name. GFL Environmental launched a \$1.9 billion IPO before postponing in November; its CEO said it would look to try again when market conditions improve. The pipeline also includes seven Chinese companies that could raise \$100 million or more; Ucommune Group Holdings, a Chinese provider of co-working space, looks to raise up to \$100 million on the heels of WeWork’s disastrous IPO attempt earlier this year. Also in the Chinese real estate sector, apartment rental platform Phoenix Tree is on file to raise an estimated \$300 million in a 2020 offering, although it could be hurt by the poor performance of close peer Q&K since its November IPO. Online insurance marketplace Huize and HR software provider CDP Holdings lead the Chinese tech sector, filing for IPOs that could raise \$150 and \$125 million, respectively.

| Notable IPOs on File ( <a href="#">View Full IPO Pipeline</a> ) |  |           |            |                |               |
|---|--|-----------|------------|----------------|---------------|
| Company   | Business   | LTM Sales | LTM EBITDA | Est. Deal Size | Industry      |
| GFL Environmental   | Canada-based diversified waste management firm.      | \$1,992   | 24.2%      | \$1,927        | Industrials   |
| Reynolds Consumer   | Leading provider of household and kitchen products.  | \$3,104   | 21%        | \$1,500        | Consumer Stap |
| Fortis Minerals   | Owner of US oil and gas mineral royalty interests.   | \$138     | 82.5%      | \$400          | Energy        |
| Phoenix Tree Holdings   | Renovates and sub-leases apartments in China.        | \$857     | -31.4%     | \$300          | Real Estate   |
| Huize Holding   | Operates an online insurance marketplace in China.   | \$131     | 11.5%      | \$150          | Technology    |
| CDP Holdings  | Provides software for HR management in China.        | \$127     | -20.7%     | \$125          | Technology    |
| Ucommune Group  | Leading provider of co-working space in China.       | \$149     | -34.3%     | \$100          | Real Estate   |
| Genetron Holdings   | Provides cancer diagnostic services in China.        | \$42      | -29.1%     | \$100          | Healthcare    |
| Meili Auto Holdings   | Facilitates used car loans for borrowers in China.   | \$276     | 26.7%      | \$100          | Financials    |
| LIZHI   | Chinese podcast platform for user-generated content. | \$151     | -9.1%      | \$100          | Technology    |

All \$ in million. Source: Renaissance Capital

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### Tech-Heavy Shadow Backlog Should Drive 2020 Issuance

Our Private Company Watchlist (PCW) contains 243 companies, over 60 of which have selected banks or filed confidentially. In 2019, 66 companies from the PCW filed publicly for IPOs, including many high-profile names like Uber, Lyft, and Pinterest. Below we highlight some of the largest private companies that we believe could hit the public markets in 2020. While US tech unicorns, save Bill.com, virtually disappeared during the 4Q19, we expect tech companies to headline IPO activity in 2020, including Airbnb, which is expected to complete a direct listing, Wish, which has rapidly grown to become one of the largest e-commerce platforms in the US, and Procore Technologies, which has enlisted Goldman Sachs for an IPO that could value the company at \$4 billion.

Along with the widely-anticipated large tech deals, numerous VC-backed and other IPO candidates across a variety of sectors and sponsor types appear set to move forward in 2020. We have highlighted a sampling of notable companies that we believe are on track for a 2020 IPO below, including well-known consumer companies like shoemaker Cole Haan, which filed confidentially in October, and online mattress retailer Casper, which reportedly hired Morgan Stanley and Goldman Sachs to lead its IPO.

| Notable Private Companies Expected to Seek IPOs |  |         |                |
|---|--|---------|----------------|
| Company Name                                    | Business Description   | Funding | Est. Valuation |
| Airbnb*†  | Platform for booking short-term stays offered by a global network of locals. | \$3,100 | \$31,000       |
| DoorDash†                                       | Online restaurant delivery service in 3,000 cities.                          | \$2,100 | \$12,700       |
| Wish  | Provides an ecommerce platform for ultra-bargain unbranded merchandise.      | \$1,600 | \$11,200       |
| PPD*  | Global CRO providing drug development and lab management services.           | n/a     | \$9,050        |
| Instacart                                       | Operates a grocery delivery platform.  | \$1,870 | \$7,871        |
| Robinhood†                                      | Zero-fee stock trading app and cryptocurrency exchange.                      | \$862   | \$7,600        |
| Atotech*  | Carlyle-backed specialty chemicals company carved out of Total.              | n/a     | \$5,000        |
| Credit Karma                                    | Offers consumers free online credit reports and financial product tools.     | \$869   | \$4,000        |
| Procore Technologies*                           | Provides cloud-based construction management and collaboration software.     | \$304   | \$4,000        |
| Snowflake Computing†                            | Provides cloud-based SQL database software and warehousing.                  | \$923   | \$3,950        |
| Root Insurance                                  | Mobile-based auto insurer.   | \$528   | \$3,650        |
| Topgolf International                           | Operates 56 golf and restaurant centers mainly in the US.                    | n/a     | \$3,300        |
| Rubrik†   | Hybrid cloud and on-premise data management and integration platform.        | \$553   | \$3,300        |
| GitLab  | Provides software development and collaboration tools for programmers.       | \$436   | \$2,750        |
| Postmates*                                      | Online food and goods delivery service.                                      | \$907   | \$2,400        |
| Asana*†   | Provides enterprise task management and collaboration software.              | \$213   | \$1,500        |
| Casper*   | Online mattress and sleep-related goods retailer.                            | \$340   | \$1,100        |
| Vroom   | Online used car marketplace.   | \$721   | \$1,100        |
| ZoomInfo (DiscoverOrg)*                         | Provides a data platform for sales, marketing, and recruiting professionals. | n/a     | \$1,000        |
| Shape Security                                  | Provides anti-fraud cybersecurity solutions to enterprises.                  | \$183   | \$1,000        |
| Poshmark*                                       | Peer-to-peer fashion e-commerce site.  | \$153   | \$625          |
| Cole Haan*                                      | Premium manufacturer of shoes and other luxury accessories.                  | n/a     | \$570          |

Source: Renaissance Capital. \*Reportedly filed confidentially or selected banks. †Reportedly considering a direct listing.

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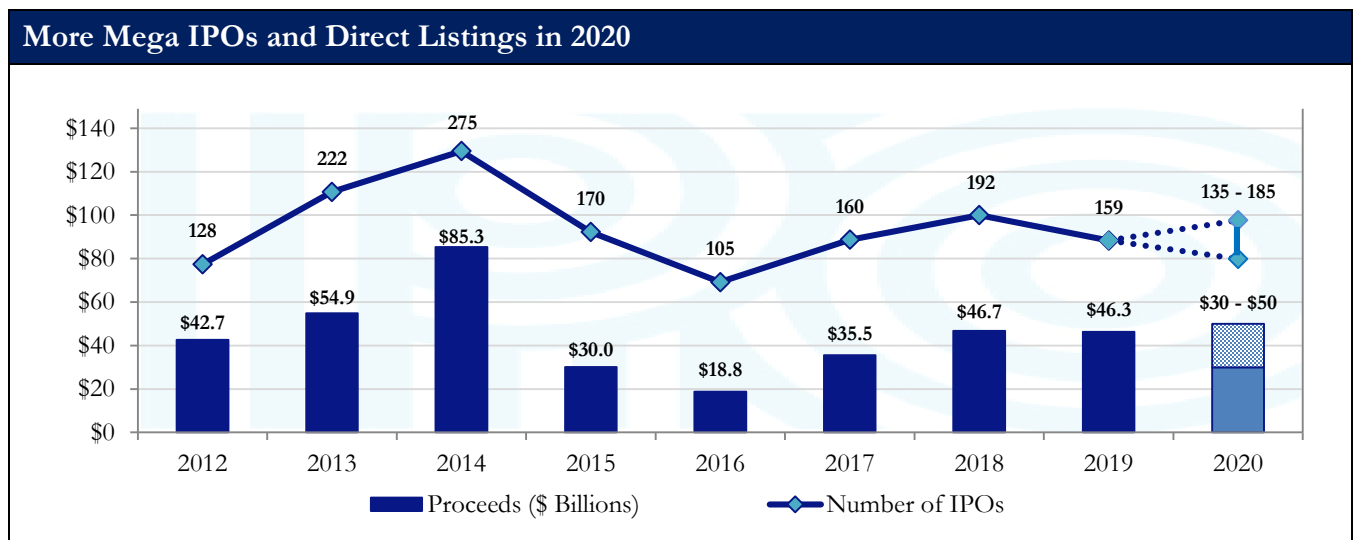
### Outlook

Perhaps because there will be so much going on in 2020 – the US presidential election, Brexit, and US-China trade negotiations – forecasting trends in the US IPO market seems riskier than usual. But these high-visibility macro events may be less impactful than feared due to several years of public debate on each of them. Below, we will go out on a limb to predict how the US IPO market will shape up.

Venture capital portfolios are full of highly valued tech companies that have been held for years longer than the typical VC timeframe. Several came to market in 2019, and we believe this trend will accelerate in 2020. At the same time, valuations for tech unicorns will finally face reality, as their offerings encounter skeptical public investors like Uber and Lyft did. Airbnb and others are reportedly considering direct listings to avoid the reckoning of public investors and the IPO lockup’s restriction on insider selling, which could be further enabled by the NYSE’s proposal to allow direct listing to raise new capital. However, the poor trading of Slack following its listing suggests these will not be the panacea that the VC community hopes, and that public investors will still hold the final say on valuation. Ultimately, we believe the IPO will remain the gold standard route to the public markets.

Beyond the tech unicorns, small technology and biotech companies will continue to be the mainstay of the IPO market. The consumer staple sector should be active, with more faux meat providers and organic food producers. Financials is another sector that could see activity, given low interest rates and the shape of the yield curve. Judging from the existing pipeline, Chinese companies will continue to debut in the US despite poor performance in 2019. Consumer discretionary is harder to predict, given the duration of the economic cycle. Oil and gas IPO issuance should remain quiet.

Last year, we predicted that the 2019 IPO market could have a broad range of 100 to 200. Although we hit the mid-point, we think the large backlog of known potential issuers, including the increasing accumulation of tech unicorns, lead us to conclude that 2020 IPO issuance (including direct listings) should be in the range of the 159 deals that debuted in 2019, with a +/- 25 margin of error.



Source: Renaissance Capital.

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For the full 2019 IPO Deal List (pages 15-24), log on to our premium platform, [IPO Pro](#).

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