

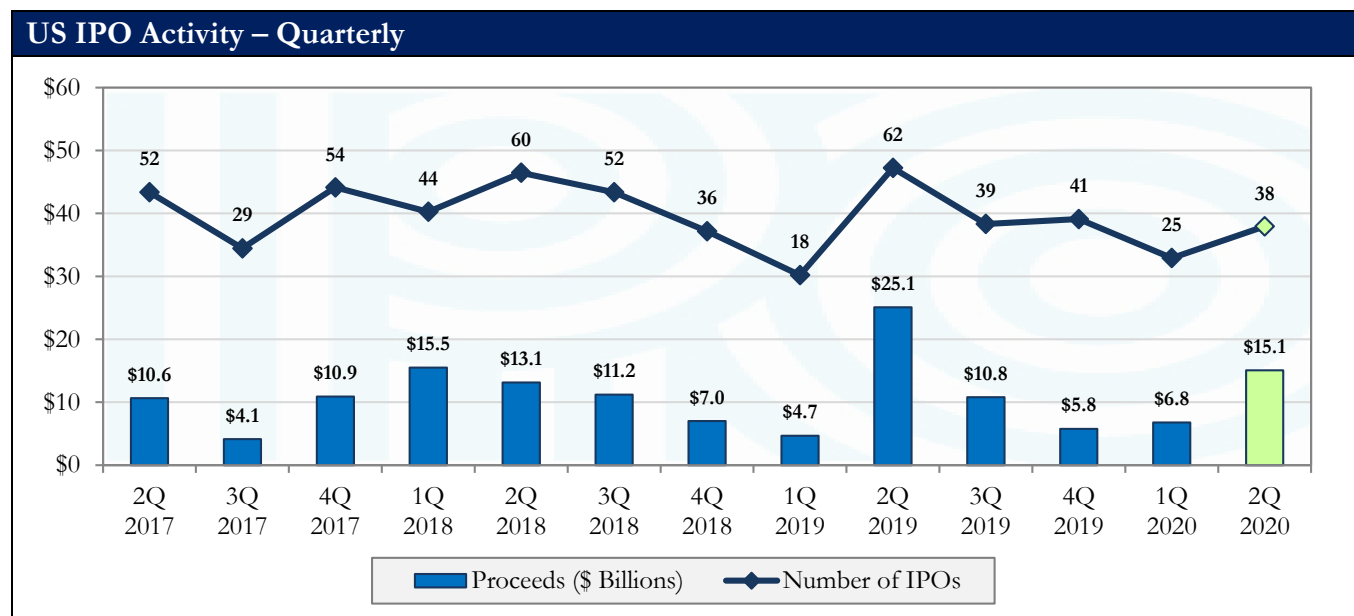
July 1, 2020

## The IPO Market Stages a Swift Recovery

The second quarter saw 38 IPOs raise \$15 billion. After coronavirus volatility caused the slowest April and May since the Great Recession, IPO activity roared back in June, buoyed by stellar returns. During the quarter, nearly every IPO upsized or priced above the midpoint, and IPOs averaged a 38% first-day pop, and a 61% return from offer. The Renaissance IPO Index skyrocketed 54% during the quarter, outperforming the S&P 500 by more than 30 points. Healthcare made up two-thirds of activity, driven by high-flying biotechs, which were largely insulated from the pandemic. Seven Chinese issuers went public in the US, despite renewed calls for greater accounting oversight. Three private equity-backed IPOs raised over a billion dollars apiece, representing a third of quarterly proceeds, including Warner Music Group and Royalty Pharma. ZoomInfo and Vroom showed a demand for highly-valued growth IPOs, even unprofitable ones, though there was a notable absence of VC-backed tech. While certain industries are still barred from the IPO market, strong returns and pent-up demand have filled the pipeline with large quarantine-friendly companies ready to go public in the third quarter.

### Key Takeaways:

- 38 IPOs Raise \$15 Billion as the IPO Window Springs Open in June
- Average IPO Returns 61%, while Renaissance IPO Index Soars 54%
- Biotechs Drive the Healthcare Sector to Make Up Almost Two-Thirds of IPO Activity
- Private Equity Has the Biggest Quarter by Proceeds in Six Years
- 2020 Regains Momentum as Numerous Private Companies Line up for 3Q Debuts



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

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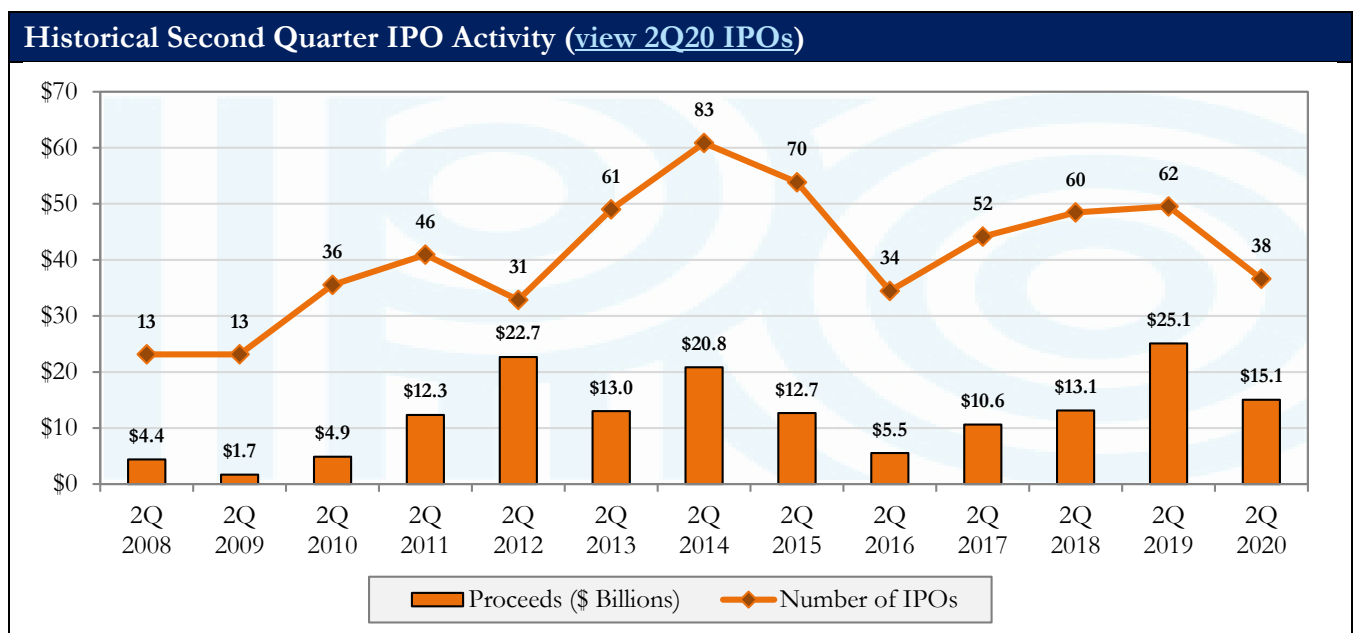
### 38 IPOs Raise \$15 Billion as the IPO Window Springs Open in June

Key US IPO Statistics - Activity					
	2Q 2019	3Q 2019	4Q 2019	1Q 2020	2Q 2020
Number of Deals	62	39	41	25	38
Proceeds Raised (US\$ in mil)	\$25,083	\$10,810	\$5,760	\$6,783	\$15,065
Median Deal Size (US\$ in mil)	\$125	\$168	\$75	\$104	\$221
PE-Backed Deals	10	8	5	8	9
PE-Backed Proceeds (US\$ in mil)	\$5,880	\$2,867	\$2,273	\$4,629	\$9,337
VC-Backed Deals	39	16	20	12	23
VC-Backed Proceeds (US\$ in mil)	\$15,914	\$5,147	\$1,760	\$1,895	\$4,347

Source: Renaissance Capital.

After a slow start, the quarter's 38 IPOs raised \$15.1 billion, an uptick in deal count and proceeds from the 1Q as volatility stabilized, allowing a wave of biotechs and other "quarantine-friendly" companies to come public. Deal count and proceeds declined from the 2Q19, which was boosted by Uber and other unicorns. Private equity produced nine deals raising \$9.3 billion, on par with prior quarters by deal count but a sharp increase in proceeds raised. Venture capital rose to 23 offerings as biotechs offset the lack of US tech. Larger biotechs and PE-backed deals pushed the median deal size up to \$221 million, the third highest for a quarter ever.

The widespread shutdown in the first quarter put a damper on activity at the start of the 2Q, with many companies shelving their IPO plans. As a result, April and May pricings hit their lowest levels since the Great Recession (10 deals total). The IPO window reopened in June and pricings shot above the month's 10-year median (28 vs. 19), accounting for nearly 75% of the quarter's deals and 87% of proceeds.



Source: Renaissance Capital.

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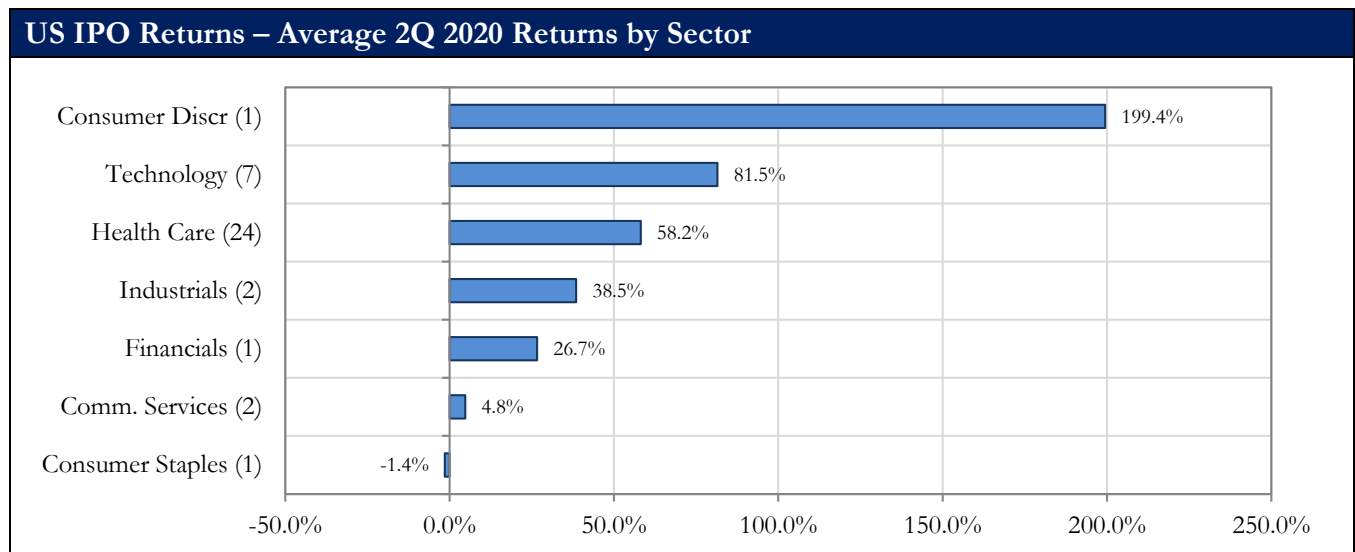
### Average IPO Returns 61%, while Renaissance IPO Index Soars 52%

Key US IPO Statistics – Performance					
IPO Performance	2Q 2019	3Q 2019	4Q 2019	1Q 2020	2Q 2020
Avg. US IPO Return	36.6%	1.4%	25.0%	-11.3%	60.5%
Avg. First-Day Return	26.5%	15.2%	11.2%	16.3%	38.2%
Avg. Aftermarket Return	3.3%	-12.1%	12.3%	-25.3%	14.6%
Renaissance IPO Index	4.8%	-10.8%	10.1%	-14.9%	53.6%
S&P 500	3.8%	1.2%	8.5%	-20.0%	20.5%
Russell 3000	3.6%	0.7%	8.6%	-21.3%	22.0%
% Deals Priced <b>Below</b> the Range	16.1%	12.8%	29.3%	28.0%	2.6%
% Deals with <b>Negative</b> First-Day Return	24.2%	23.1%	39.0%	24.0%	16.2%
% Trading Above Issue at Quarter Close	67.7%	61.5%	61.0%	32.0%	78.4%

Source: Renaissance Capital. Current quarter returns as of 6/30/2020. Aftermarket shows return from end-of-day trading on IPO to 6/30 close.

IPOs offered historic returns in the second quarter, trading up 61% on average, higher than any quarter in at least nine years. Demand was very strong at every stage, with nearly every deal raising more than expected, trading up an average of 38% on day one, and then gaining 15% in aftermarket trading. Very few IPOs broke issue on their debut, and three-quarters finished the 2Q in positive territory. Perhaps even more impressive, the Renaissance IPO Index had its best quarter since its 2009 inception, surging 54% and outperforming the S&P 500 by 33 points.

Activity was concentrated in healthcare and tech, but most sectors traded up, featuring various coronavirus-resistant companies. The pandemic had little impact on multi-year biotech drug trials and drove a greater interest in innovative therapies, fueling the healthcare sector's 58% average return. Four tech IPOs traded up at least 50%, as investors sought online and cloud-based services for the post-coronavirus economy. The sole consumer discretionary IPO, gambling platform GAN, flew up 199%.



Source: Renaissance Capital. Based on offer price to 6/30/2020 closing price. Excludes companies that priced on 6/30.

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### Biotechs Drive the Healthcare Sector to Make Up Two-Thirds of IPO Activity

Healthcare made up nearly two-thirds of all IPOs, raising a record \$6.2 billion, or 40% of total proceeds. Deal count was driven by a steady stream of large biotechs, which tended to be early-stage and oncology-focused. Even without Royalty Pharma's \$2.2 billion IPO, the healthcare sector would have had its biggest quarter by proceeds since 2011. Technology failed to see the same pickup in activity, and four of the sector's seven IPOs were based in China, though notable US companies like ZoomInfo and Vroom came to market. Industrials produced two large IPOs, including AZEK, a building products maker with strong fundamentals that appeared to benefit from consumers spending more time at home. Communication services featured record label Warner Music Group. The normally-active financials sector saw just one online insurance broker go public, as bank IPOs disappeared amid low interest rates and loan losses. Unlike most retailers, grocers stayed open during the pandemic and Albertsons finally went public amid surging sales growth, the sole consumer staples IPO.

While not counted below, 24 blank check companies raised \$7.2 billion, putting SPACs back on track to again hit an all-time record in 2020.

IPOs and Proceeds by Sector (US\$ Billion)															
Sector	2Q 2019			3Q 2019			4Q 2019			1Q 2020			2Q 2020		
	#	\$	% of IPOs	#	\$	% of IPOs	#	\$	% of IPOs	#	\$	% of IPOs	#	\$	% of IPOs
Healthcare	24	\$2.6	39%	14	\$4.0	36%	19	\$1.4	46%	12	\$3.3	48%	24	\$6.2	63%
Technology	21	\$15.0	34%	10	\$3.5	26%	9	\$1.0	22%	4	\$0.1	16%	7	\$3.0	18%
Industrials	3	\$0.8	5%	-	-	-	1	\$0.0	2%	2	\$1.6	8%	2	\$2.5	5%
Comm. Services	-	-	-	1	\$0.2	3%	-	-	-	-	-	-	2	\$2.0	5%
Consumer Staples	2	\$0.6	3%	-	-	-	1	\$0.5	2%	1	\$1.2	4%	1	\$0.8	3%
Financials	4	\$1.3	6%	7	\$1.2	18%	6	\$2.5	15%	3	\$0.2	12%	1	\$0.6	3%
Consumer Discr	4	\$0.9	6%	4	\$1.6	10%	-	-	-	2	\$0.2	8%	1	\$0.1	3%
Energy	2	\$0.9	3%	2	\$0.1	5%	1	\$0.0	2%	-	-	-	-	-	-
Materials	1	\$2.9	2%	-	-	-	1	\$0.1	2%	-	-	-	-	-	-
Real Estate	1	\$0.1	2%	-	-	-	3	\$0.3	7%	1	\$0.1	4%	-	-	-
Utilities	-	-	-	1	\$0.2	3%	-	-	-	-	-	-	-	-	-

Source: Renaissance Capital. 2Q 2019 excludes direct listing Slack.

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### Billion-Dollar IPOs Include Royalty Pharma, Warner Music, and Dun & Bradstreet

The 10 largest IPOs raised a combined \$10.3 billion, or 68% of the quarter's proceeds, including three billion-dollar deals which accounted for 39% of total proceeds. The largest IPOs featured a diverse mix of businesses that were largely unaffected by the COVID-19 pandemic or in some cases benefited from it. Private equity backed eight of the 10, including the seven largest of the quarter. Two Chinese spinoffs and VC-backed online car retailer Vroom rounded out the list. Leading pharmaceutical royalty acquirer Royalty Pharma became the largest IPO of 2020 and soared 59% on its debut, one of the best pops for a billion-dollar deal of the past decade. Each deal raised more than expected, with the exception of Albertsons, the quarter's only IPO to price below the range. Like the rest of the deals this quarter, the 10 largest mostly boasted strong returns, averaging 67% from the offer price.

Largest US IPOs						
Company	Ticker	Offer Date	Deal Size (\$mm)	Sector	First-Day Pop	Return from IPO
Royalty Pharma	RPRX	15-Jun	\$2,175	Healthcare	9.1%	73.4%
Warner Music Group	WMG	3-Jun	\$1,925	Comm. Services	-2.1%	18.0%
Dun & Bradstreet Holdings	DNB	30-Jun	\$1,723	Industrials	-	-
ZoomInfo Technologies	ZI	3-Jun	\$935	Technology	50.1%	143.0%
Albertsons Companies	ACI	25-Jun	\$800	Consumer Staples	2.1%	-1.4%
The AZEK Company	AZEK	11-Jun	\$765	Industrials	17.3%	38.5%
SelectQuote	SLQT	20-May	\$570	Financials	-6.2%	26.7%
Kingsoft Cloud Holdings	KC	7-May	\$510	Technology	32.2%	85.4%
Vroom	VRM	8-Jun	\$468	Technology	8.9%	137.0%
Legend Biotech	LEGN	4-Jun	\$424	Healthcare	15.0%	85.0%

Source: Renaissance Capital. Returns as of 6/30/2020.

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### Biotechs and Cloud Services Lead Best Performing IPOs

The quarter's best performers included biotechs and providers of cloud-based software and online services. Top performer GAN Limited, which had been listed in London, benefited from an expected shift to online gambling. Investors showed strong demand for biotechs with novel therapies for cancer and blood diseases. Online used car site Vroom and communication API platform Agora had clear coronavirus angles, while ZoomInfo boasted a unique combination of growth and margins. Each of the top 10 finished more than 100% above offer, averaging a first-day pop of 78% and an aftermarket return of 45%.

Best-Performing US IPOs						
Company	Ticker	Offer Date	Deal Size (\$mm)	Sector	First-Day Pop	Return from IPO
GAN Limited	GAN	4-May	\$54	Consumer Discr.	55.9%	199.4%
Zentalis Pharmaceuticals	ZNTL	2-Apr	\$165	Healthcare	28.9%	166.8%
Inari Medical	NARI	21-May	\$156	Healthcare	123.7%	154.9%
ADC Therapeutics	ADCT	14-May	\$233	Healthcare	56.1%	146.4%
ZoomInfo Technologies	ZI	3-Jun	\$935	Technology	61.9%	143.0%
Vroom	VRM	8-Jun	\$468	Technology	117.7%	137.0%
Keros Therapeutics	KROS	7-Apr	\$96	Healthcare	25.5%	134.4%
Forma Therapeutics	FMTX	18-Jun	\$278	Healthcare	95.0%	132.5%
Agora	API	25-Jun	\$350	Technology	152.5%	120.9%
ORIC Pharmaceuticals	ORIC	23-Apr	\$120	Healthcare	61.1%	110.8%

Source: Renaissance Capital. Returns as of 6/30/2020.

The quarter's worst performers included several small biotechs. Investors didn't show interest in Lantern Pharma's repurposed lung cancer therapy, while Lyra Therapeutics and Ayala Pharmaceuticals both targeted areas where close peers had disappointed. Bottom performer Progenity went public despite mounting losses and legal issues. Genetron and Fusion Pharma both priced above the range before finishing the first day flat, a sign that healthcare IPOs had attracted hot money.

Worst-Performing US IPOs						
Company	Ticker	Offer Date	Deal Size (\$mm)	Sector	First-Day Pop	Return from IPO
Progenity	PROG	19-Jun	\$100	Healthcare	-12.5%	-40.0%
Ayala Pharmaceuticals	AYLA	7-May	\$55	Healthcare	0.2%	-32.7%
Lyra Therapeutics	LYRA	30-Apr	\$56	Healthcare	16.0%	-29.1%
Genetron Holdings	GTH	18-Jun	\$256	Healthcare	0.0%	-24.6%
Lantern Pharma	LTRN	10-Jun	\$26	Healthcare	-0.3%	-15.3%
Ebang International Holdings	EBON	25-Jun	\$101	Technology	-4.4%	-9.6%
uCloudlink	UCL	9-Jun	\$36	Comm. Services	-4.2%	-8.5%
Albertsons Companies	ACI	25-Jun	\$800	Consumer Staples	-3.4%	-1.4%
Fusion Pharmaceuticals	FUSN	25-Jun	\$213	Healthcare	0.0%	2.8%

Source: Renaissance Capital. Returns as of 6/30/2020.

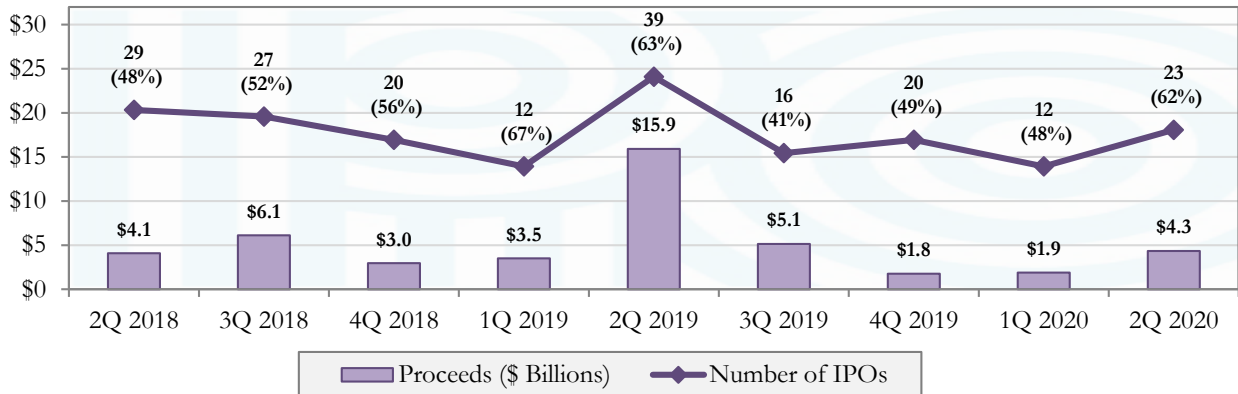
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### Venture Capital Stays Active Due to Healthcare Offerings

Venture capital was behind 23 IPOs that raised \$4.2 billion and averaged an 70% gain. Biotechs accounted for the vast majority of VC-backed IPOs. While biotech deal sizes grew larger, the quarter lacked notable unicorns, and no VC-backed IPO raised at least \$500 million. VC was behind just one US tech issuer this quarter, L Catterton-backed Vroom, while the other two tech names, Agora and Dada Nexus, came from China.

### US IPO Activity – Venture Capital

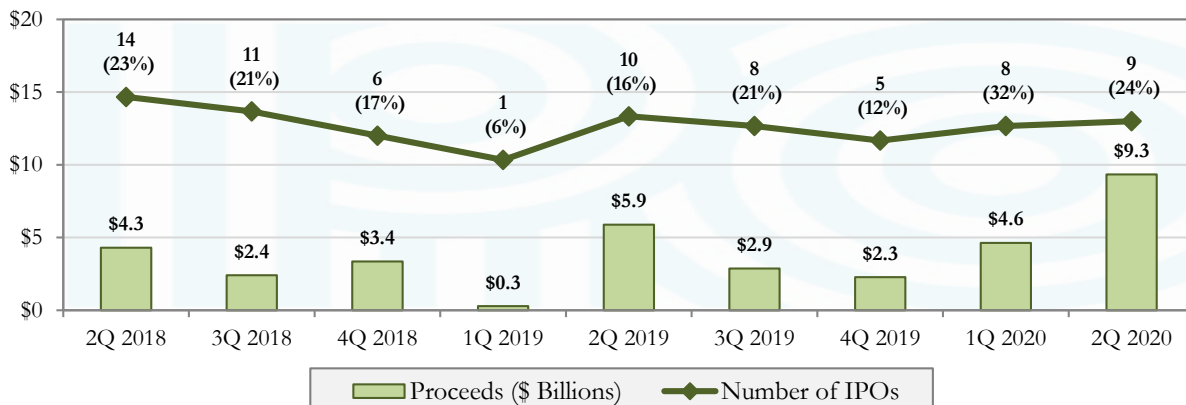


Source: Renaissance Capital. 2Q 2019 excludes Slack and 2Q 2018 excludes Spotify.

### Private Equity Backs Quarter’s Largest IPOs, Raising the Most Proceeds Since the 2Q 2014

Private equity backed nine deals raising a combined \$9.3 billion, the biggest quarter by proceeds in six years. The quarter’s largest PE-backed IPO, Royalty Pharma, is itself similar to a healthcare-focused private equity firm. Six LBOs went public, the largest of which was Warner Music Group, one of the big three record labels. Grocer giant Albertsons finally listed 14 years after its Cerberus-led buyout, contrasted by THL-backed Dun & Bradstreet, which filed for an IPO just sixteen months after it was taken private. Another business insights platform, ZoomInfo, was PE’s top performer with a 143% return.

### US IPO Activity – Private Equity



Source: Renaissance Capital.

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### Blank Check IPOs Have Another Record-Breaking Quarter

24 blank check companies are expected to raise \$7.2 billion, a quarterly high for both deal count and proceeds, putting SPACs on track for another banner year. SPACs continued to grow larger as 12 raised \$300 million or more. The deals had a variety of themes, mainly tech and financials, and several were formed by high profile investors and firms, including FNF's Bill Foley, Social Capital, and Goldman Sachs. The group averaged a first-day return of 1.1% and an aftermarket return of 3.8%. Eight SPACs completed business combinations in the 2Q, including high-flyers DraftKings and Nikola. A record-breaking 23 SPACs filed during the quarter, including Bill Ackman's \$3 billion deal. As of 6/30, there are 13 pending combinations and 101 still looking for combinations.

#### SPAC Activity Rises Further (View 2Q20 SPAC IPOs)



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

Financial services veteran Bill Foley, who was also a backer of the quarter's third-largest IPO in Dun & Bradstreet, unveiled two SPACs in the 2Q: Foley Trasimene Acquisition, which raised \$900 million in the largest SPAC of the quarter, and Trebia Acquisition, which raised \$600 million. Social Capital's Chamath Palihapitiya also took two SPACs public, Social Capital Hedosophia III targeting non-US tech and Social Capital Hedosophia II targeting US tech.

#### Largest Blank Check IPOs

Company	Ticker	Warrant	Sponsor/Manager	Offer Date	Deal Size (\$mm)	Return from IPO
Foley Trasimene Acquisition	WPFU	1/3	Bill Foley	26-May	\$900	6.7%
Social Capital Hedosophia III	IPOCU	1/3	C. Palihapitiya, I. Osborne	21-Apr	\$720	18.7%
GS Acquisition Holdings II	GSAHU	1/4	Goldman; R. Agus, T. Knott	29-Jun	\$700	5.1%
Jaws Acquisition	JWSU	1/3	Barry Sternlicht	13-May	\$600	4.3%
Trebia Acquisition	TREBU	1/3	Bill Foley, Frank Martire	16-Jun	\$450	4.5%

Source: Renaissance Capital. Data through 6/30/20.

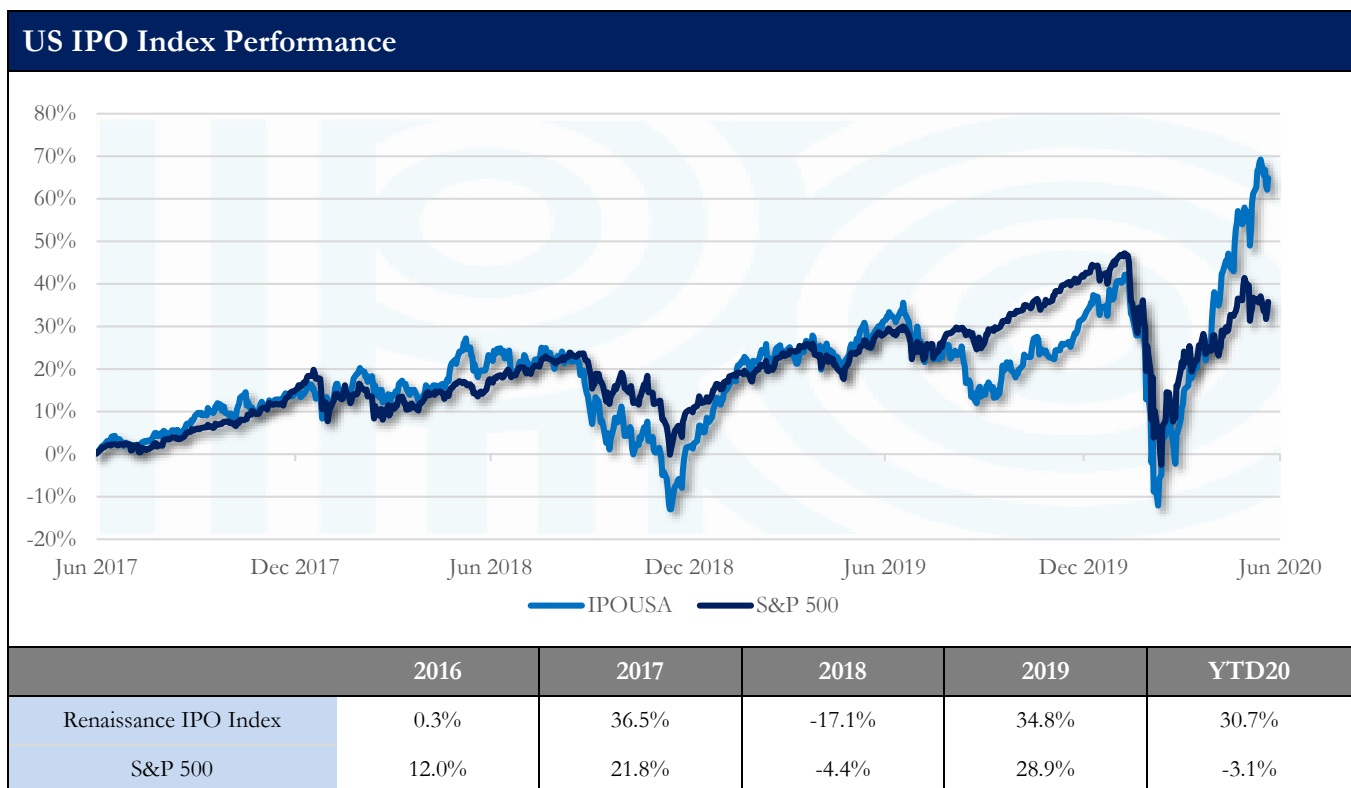
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### US IPO Index Strongly Outperforms Major Benchmarks

After plummeting -14.9% in the 1Q 2020, the [Renaissance IPO Index \(IPOUSA\)](#), the underlying index for the [Renaissance IPO ETF \(NYSE Ticker: IPO\)](#), soared 53.6% in the second quarter, a 33 point lead on the S&P 500's 20.5% quarterly return. The best performing sectors were Information Technology, Communication Services, and Healthcare, and top contributors included audio streaming service Spotify Technology (SPOT; +99.1%), remote signature platform DocuSign (+80.5%), and multi-focus biotech and coronavirus vaccine developer Moderna (MRNA; +114.4%), all of which were in a unique position to benefit from pandemic-driven demand. Real Estate, Industrials, and Financials were the worst performing sectors, with the weakest performances from fraudulent Chinese coffee chain Luckin Coffee (LK; -89.7%), Eli Lilly spin-off Elanco Animal Health (ELAN; -4.2%), and pharmaceutical royalty acquirer Royalty Pharma (RPRX; -4.7%). In its second quarterly rebalance of the year, the index added five companies, including “Big 3” record label Warner Music Group and Canadian waste giant GFL Environmental.



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 June 30, 2020.

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### New IPO Filings Indicate Continued Activity in the 3Q 2020

There were 52 new filings in the 2Q 2020, slightly outpacing the quarter's 38 pricings, four withdrawals, and one acquisition. The number of filings declined from the prior-year period (76) as the IPO market only bounced back in the latter half of the quarter. June saw 28 filings, more than April and May combined (24), suggesting continued activity heading into the 3Q. Excluding SPACs, the IPO pipeline currently has 73 companies on file looking to raise over \$8 billion, including 35 companies in the "active pipeline" that have filed or updated within the last 90 days. By sector, the active pipeline is led by healthcare (14), technology (10), and real estate (4). The median deal size of the active pipeline is just \$37 million, with only 11 IPOs on file to raise \$100 million or more.

IPOs regularly priced the same week that they launched, causing the median number of days between public filing and pricing to decline to just 22, its shortest ever. Virtual roadshows and the ability of every company to have testing-the-waters discussions both shaved days off of the normal IPO process.

Due in part to faster IPO timelines, public filings at quarter-end provide relatively low visibility into third quarter activity, other than a continued boom in biotechs and health-tech companies. As a result, we expect the majority of 3Q20 IPO activity to come from companies that have filed confidentially, including those on our Private Company Watchlist. In addition to large biotechs, several fintechs are publicly on file, including nCino and GoHealth. While we don't normally focus on SPACs in the pipeline, the sheer size of Bill Ackman's \$3 billion blank check company, Pershing Square Tontine, makes it worth highlighting.

Below we highlight fifteen companies on file that are poised for 3Q 2020 IPOs.

Notable Upcoming IPOs ( <a href="#">view pipeline</a> )							
File Date	Company	Ticker	Industry	Est. Deal Size (\$mm)	LTM Sales (\$mm)	YoY Sales Growth %	EBIT %
06/22/20	Pershing Square Holdings	PSTH.U	SPAC	\$3,000	n/a	n/a	n/a
06/30/20	Jamf Holding	TBA	Technology	\$300	\$220	39%	-10%
06/24/20	Relay Therapeutics	RLAY	Healthcare	\$200	n/a	n/a	n/a
06/30/20	Montrose Environmental	MEG	Industrials	\$160	\$244	24%	-7%
06/19/20	Poseida Therapeutics	PSTX	Healthcare	\$115	n/a	n/a	n/a
06/24/20	iTeos Therapeutics	ITOS	Healthcare	\$100	n/a	n/a	n/a
06/22/20	nCino	NCNO	Technology	\$100	\$153	51%	-19%
06/19/20	GoHealth	GHTH	Financials	\$100	\$611	139%	-5%
06/26/20	Berkeley Lights	BLI	Healthcare	\$100	\$58	81%	-37%
06/26/20	ALX Oncology	ALXO	Healthcare	\$100	\$4	n/a	n/a
06/19/20	Nkarta	NKTX	Healthcare	\$100	\$0	n/a	n/a
06/19/20	Trean Insurance Group	TIG	Financials	\$100	\$111	31%	34%
06/19/20	Inventiva	IVA	Healthcare	\$90	\$11	53%	-275%
06/24/20	Renalytix AI	RNLX	Healthcare	\$86	n/a	n/a	n/a
06/16/20	BlueCity Holdings	BLCT	Technology	\$50	\$116	51%	-6%

Source: Renaissance Capital.

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### Shadow Backlog of Large Private Companies Further Supports Strong Issuance

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The Private Company Watchlist stands at 283 companies, with 13 IPOs during the 2Q 2020 coming from the PCW and 24 new additions during the quarter. The strong performance of IPOs during the quarter is expected to incentivize more private companies to go public in the 2H 2020 assuming the broader market holds up. The most likely IPO candidates are in the technology and biotech sectors, as well as companies that benefit from new consumer and business trends like the shift to social distancing and remote communications. Below is a selection of private companies that we believe are most likely to go public in the 2H 2020.

Private Company Watchlist names are exclusive to [IPO Pro](#). Sign up for a [free 7-day trial](#) to see page 11.

Read on to page 12 for our Outlook.

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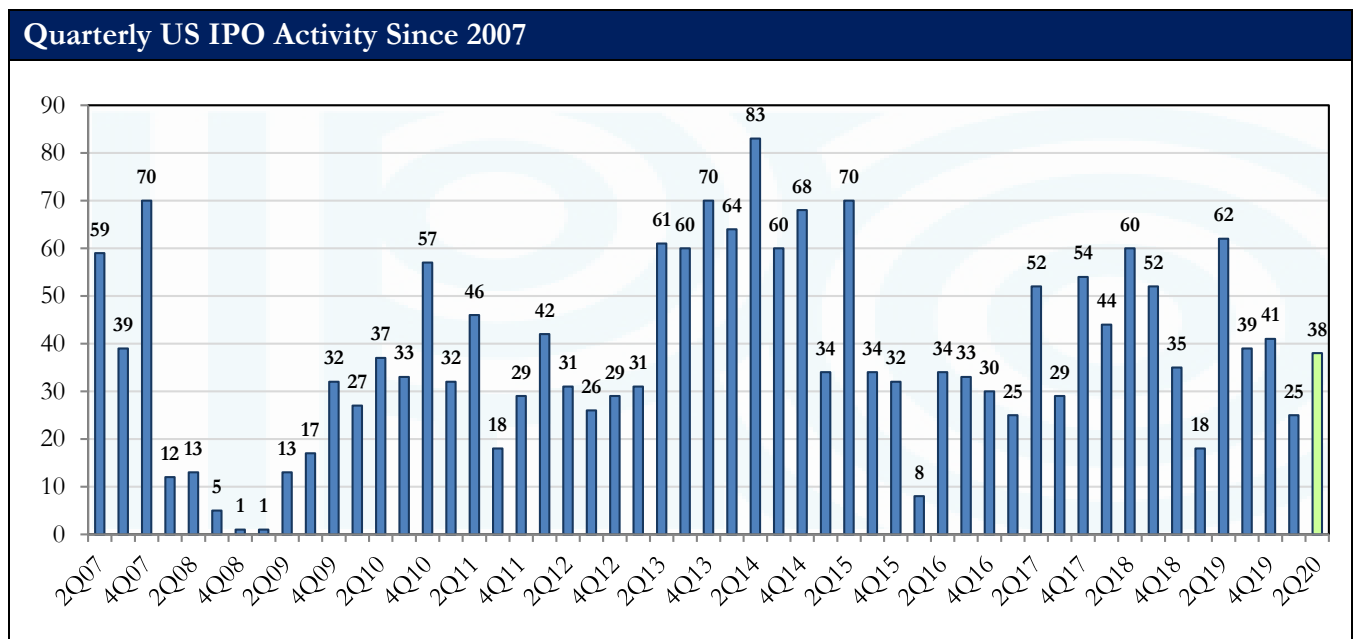
### Outlook

At the end of the first quarter, we predicted accurately that IPO performance would rebound, and that IPO activity would be slow at the start of the quarter but accelerate heading into summer. While fiscal and monetary stimulus helped stabilize markets, the strength of the economy leading up to the pandemic gave us every reason to assume that once virus fears abated, risk horizons would expand again. Three months later, hundreds of companies that we monitor in our PCW need access to public capital, including many “virus-proof” businesses such as biotechs, health service providers, and cloud and online services companies.

In addition, there are many technology unicorns that face decisions on how they will finance their mostly money-losing operations. The public IPO market remains a very viable option for Palantir, Postmates, and others, but even quarantine-friendly unicorns will be subject to uncompromising valuation standards if their recent growth is seen as temporary, as Albertsons discovered. Another alternative may be new SPACs like Pershing Square Tontine that are focused on large cap unicorns.

Entering the third quarter, a lot still depends on the broader markets, which remain volatile and vulnerable to unexpected developments such as renewed COVID-19 outbreaks and trade issues. Assuming no new negative news, as the economy stabilizes and employment returns, we expect that the IPO market will broaden to include the financial, consumer, and industrial sectors. With a backdrop of strong returns and the IPO window finally flung open, there is substantial appetite for IPOs to price during the 3Q 2020 and avoid the uncertainty over the US presidential election and a possible second wave of COVID-19 in the fall.

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Source: Renaissance Capital.

### About Renaissance Capital

Renaissance Capital is a global IPO investment adviser providing pre-IPO institutional research and management of the [Renaissance IPO ETF](#) (NYSE symbol: IPO) and the [Renaissance International IPO ETF](#) (NYSE symbol: IPOS). For more information, visit [www.renaissancecapital.com](http://www.renaissancecapital.com).