

IPO investments yield double-digit returns

2 May, 2016: Ground-breaking technology from OnMarket BookBuilds (OMB) has allowed investors to reap strong returns from investing in ASX Initial Public Offerings (IPOs), with average returns as high as 86% after one year, highlighting the real rewards of backing public floats.

According to analysis from OnMarket BookBuilds, an Australian fintech behind [OnMarket](#), an innovative online investment access portal, investors in companies who have used disruptive OnMarket technologies to raise capital from the public through IPOs and equity placements could have reaped high average returns.

“We’ve provided investors with free access to \$740 million of capital raisings by 25 companies since October 2013 with a combined market capitalisation of \$2.92 billion,” said OMB chief executive Ben Bucknell.

“Investors that have invested the same amount in all the deals we’ve done would have earned an average of:

- 5.1% if they sold on the first day
- 9.3% if they sold at the end of the first month
- 30.6% if they sold at the end of the first 3 months
- 86.3% if they sold at the end of the first year.

“These numbers highlight the very real rewards that investments in IPOs deliver, bucking the common myth that IPOs soar like fireworks then fizzle out. In fact, most floats, and the floats which OnMarket has offered, have mostly picked up momentum during their first few months and year of listing,” said Bucknell.

“Moreover, the odds of a positive return on an IPO investment have been much better than average in recent times; last year, 59% of IPOs finished the year at a price higher than their listing price while 6% held their ground. Indeed, if you had invested in every IPO on the ASX last year, you would have made 23% by the year’s end. That compares to the S&P/ASX 200, which lost 3.0% in 2015, a nasty sting for many.

“For this reason, investors need to open up their eyes to IPOs and recognise the very real growth benefits they offer. IPOs are a far less risky proposition than investing in private companies, for example. IPOs are both a regulated market with strict disclosure requirements and shares become liquid as soon as they are floated. This ensures transparency and allows investors to easily buy and sell their securities,” said Bucknell.

To make IPOs more accessible, OMB recently launched its [OnMarket platform and app](#), which gives investors free, fair and direct access to ASX IPOs and equity placements.

“OnMarket is the world’s first free-access capital raising tool that enables mum and dad investors to easily access IPOs and placements conducted by ASX-listed companies. It is completely free to investors: it’s free to sign up, bid and invest. A defined and automated system ensures all OnMarket bidders are allocated IPO stock fairly, stock which has in the past often been available only to wealthier individuals who are clients of particular brokers and institutional investors.

“Through our world-leading technology, we are offering retail investors more equitable terms and the opportunity to diversify their portfolios into high-growth companies, which can potentially offer better returns than blue-chip shares and accelerate wealth building,” Bucknell said.

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[About On-Market BookBuilds \(OMB\)](#)

OnMarket BookBuilds' mission is to empower investors and companies through innovation in financial technology. OMB believes that investors and companies benefit when capital raisings are conducted fairly, transparently, and efficiently.

OMB is emerging as a leader in Australian fintech. OMB conceived, developed, and patented intellectual property which it licensed in Australia to ASX to build the ASX BookBuild facility – the world's first exchange-hosted capital raising platform. The ASX BookBuild facility is a tool for companies and their lead managers to combine control over pricing and allocations with the all-of-market reach of ASX.

OMB has also been acknowledged internationally. The UK Lord Myners Review, which was commissioned following the UK Government's IPO of Royal Mail, 'strongly recommended' the ASX BookBuild facility to business leaders and for into future government privatisations. The United States Securities and Investments Commission (SEC) has published a no-action letter confirming foreign private issuers may rely on the ASX Bookbuild rules to meet their compliance with the US Securities Act Rules. More recently, OMB was invited by UK Trade & Investment to London FinTech Week, in September 2015, the world's largest fintech event.

The new [OnMarket app and bidding platform](#) is a wholly-owned and operated initiative of OMB. The OnMarket app and bidding platform is not a joint venture with ASX and is independent of OMB's association with ASX in relation to the ASX BookBuild facility.

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