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In 2018, the average IPO was up 8% 1 month after listing: OnMarket Report

Total amount raised in 2018 increases to \$7.8b

31 January 2019: Despite some reports about the death of IPOs, a more careful analysis reveals opportunities for investors to reap significant returns from a simple and systemic approach.

The 95 IPOs that listed in 2018 were up, on average, 8% one month after their respective listing dates. Consequently, a model portfolio created by a strategy of investing the same amount into every IPO in 2018, and selling one-month post listing, yielded a gross (pre-brokerage, pre-tax) annualised return of 70.8%*. This calculation takes into account that each investment into an IPO, earned an average of 8% per IPO for 1 month before the shares were sold (and the funds reinvested).

The **OnMarket 2018 IPO Report**, released today by IPO portal OnMarket which details Australian Initial Public Offering activity for 2018, includes performance methodology that measures each IPO for the same period post listing. This gives a truer reflection of actual IPO performance than measuring all IPOs at 31 December, as some will have been listed for 12 months, and some for less than a week at that date.

In 2018 the average IPO was 11% higher at the close of the first day than the issue price. Medicinal cannabis company Althea Group Holdings recorded the highest 1 day return of 180%. Holding onto IPO shares for a longer period post listing was not a winning strategy in 2018, with the average IPO performance falling from 8% up after one month to 0.3% after 3 months. A strategy of buying every IPO and selling after 3 months delivered 1.1%*, which outperformed the Small Ordinaries index, which was down 11.3% for the 12 months to 31 December.

The total amount raised in Australia through IPOs in 2018 was \$7.8b, which is an increase from the \$6.0b raised in 2017, this was despite the number of IPOs listing on the ASX falling year on year, from 113 to 95. Consumer Staples was again the best performing sector, returning 37.1% over 3 months and 21.8% to 31 December.

The Materials sector again provided the most number of new listings, with 35 companies joining the ASX. This continues the trend of the previous year where Materials made up 31% of listings in 2017. Listed Investment Companies (LICs) were less abundant than in previous years, almost halving in the number of listings to 13, and funds raised to a total of \$2.5b.

Information Technology was the only sector to increase the actual total number of listings from the previous year, increasing from 11 to 17 listings, reflecting the ASX's ongoing emphasis to be an attractive listing exchange, especially in Asia for Information Technology companies.

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The sector had four of the top 10 best performing IPOs for 2018, led by PayGroup Ltd +63.9%, and e-learning solutions platform ReadCloud +57.5%. Environmental technology company Calix Ltd +50.0% and digital security provider Security Matters +47.5% completed the four best performing Information Technology sector listings.

Many of the best performing IPOs in 2018 came from companies of health products and services. This was led by returns at 31 December of biopharmaceutical manufacturer Exopharm +175.0%, Elixinol Global +150.0% a manufacturer and producer of CBD hemp oil, Emvision Medical Devices +40.0%, and medicinal cannabis producer Althea Group Holdings +22.5%.

OnMarket CEO Ben Bucknell said, "OnMarket has been able to offer more than 1 in 3 ASX IPOs to retail investors since launch. Our aim in 2019 will be to continue delivering capital to companies and outperformance for self-directed investors."

Table 1: 2018 Top 10 IPO Performers

Price Performance from Issue Price over various periods

Company Name	31 Dec Return	1 Day Return	1 Month Return	3 Month Return	Industry
1. Adriatic Metals PLC	187.5%	0.0%	-5.0%	135.0%	Materials
2. Exopharm Ltd	175.0%	160.0%	-	-	Health Care
3. Elixinol Global Ltd	150.0%	45.0%	38.0%	67.0%	Consumer Staples
4. Atomos Ltd	96.3%	22.0%	-	-	Consumer Discretionary
5. Keytone Dairy Corporation	75.0%	80.0%	75.0%	147.5%	Consumer Staples
6. PayGroup Ltd	63.9%	74.0%	88.0%	62.9%	Information Technology
7. ReadCloud Ltd	57.5%	35.0%	80.0%	50.0%	Information Technology
8. Calix Ltd	50.0%	18.9%	54.7%	37.7%	Information Technology
9. Security Matters Ltd	47.5%	5.0%	105.0%	-	Information Technology
10. ClearVue Technologies	40.0%	5.0%	-30.0%	85.0%	Industrials

*Percentage returns are calculated by Sharesight using the simple method.

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About OnMarket

OnMarket makes investing and capital raising an efficient, simple and transparent process that is accessible to everyday investors and businesses. OnMarket has offered 1 in every 3 ASX IPOs to investors since launch. OnMarket is free for investors, and IPO shares are deposited into each investor's existing broking account.

OnMarket is one of the first platforms in Australia to be granted an equity crowdfunding licence by ASIC. This enables OnMarket to also offer equity crowdfunding, which connects all investors with businesses that are making a change for the better. By investing in companies offering equity via OnMarket, everyday investors can share in the upside in businesses that ultimately will make a better, smarter, more sustainable world.

For further information go to www.onmarket.com.au