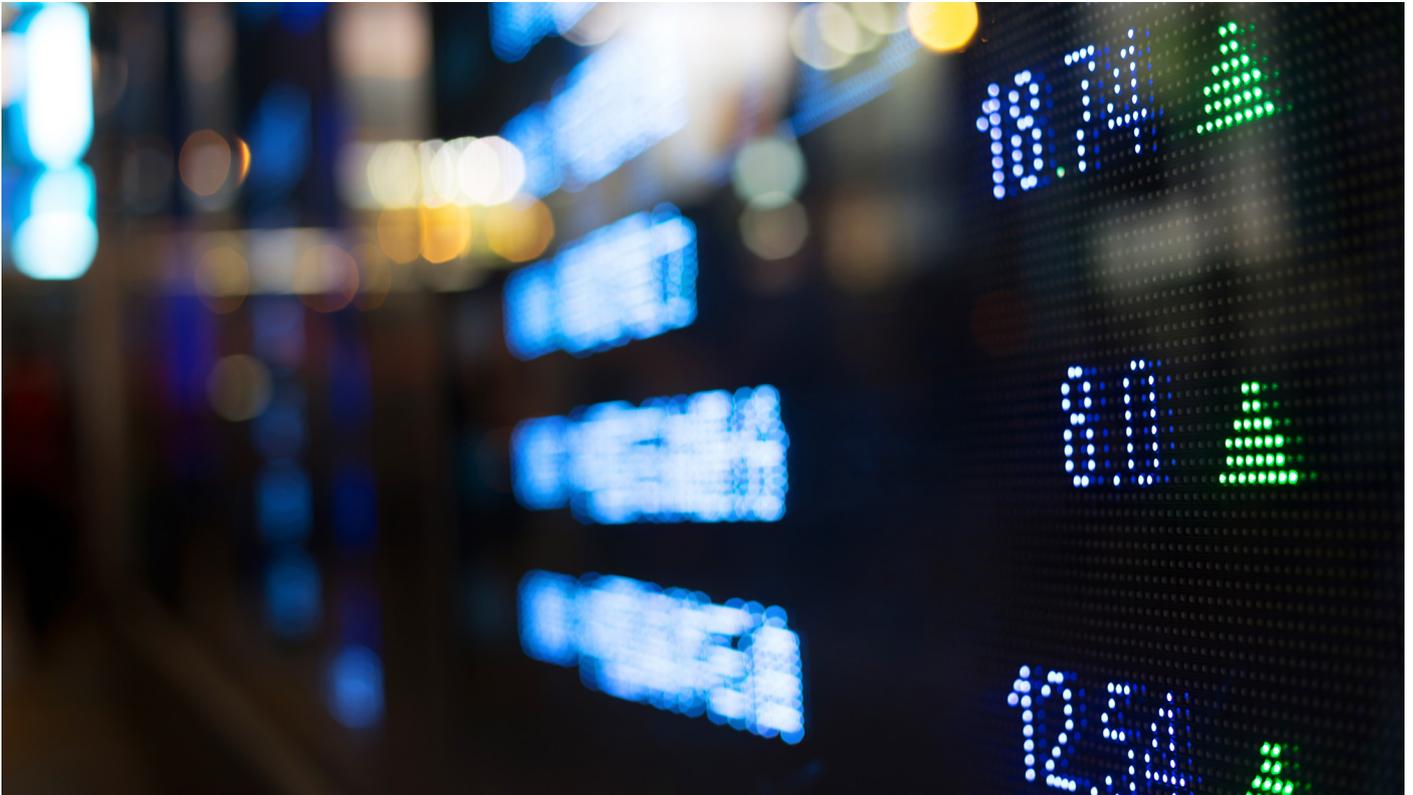




2021 - a new record year for IPOs?



2020 was the shortest bear market in stock market history to date. A rapid recovery followed, which initially seemed as unlikely as the pandemic itself. The optimistic mood of investors provides a good environment for companies to think about going public. But what actually is a so-called IPO (eng. term for initial public offering) and is there an impact on the stock markets?

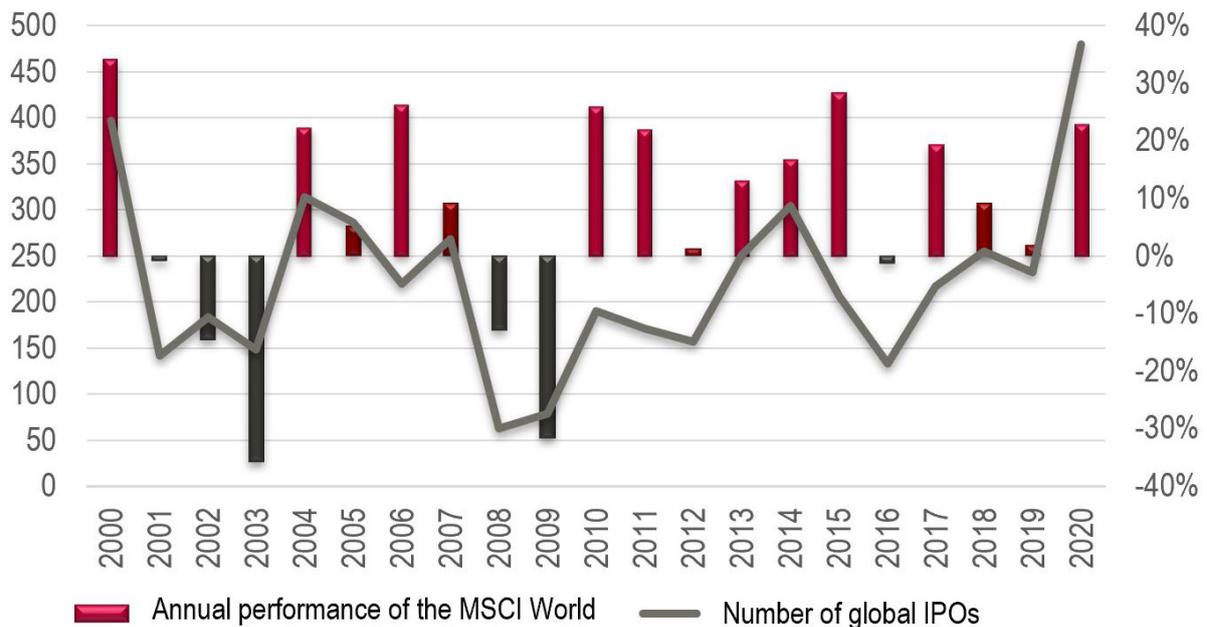
The stock exchange acts as a hub between providers of capital (the investors) and recipients of capital (the companies). For companies, this means the opportunity to equip themselves with more equity (by issuing shares) or to finance major projects and growth strategies by issuing bonds. While shares are equity securities and the holder/buyer thus becomes a co-owner of the company (he profits from the increase in value of the company), bonds are to be seen as receivables (a debt security for the company, which pays out interest to its creditors).

Planned IPOs as an indicator of a good stock year?

Last year, big names such as Airbnb, Palantir, Snowflake, DoorDash and Unity already appeared on the stock exchange floor. In total, there were



Ratio of world shares and IPOs since 2000



*The left axis shows the number of global IPOs (depending on the counting method, there may be differences here);
the right axis shows the performance of the respective year of the world stock index MSCI World*

494 IPOs, which heralded a new record year in 2020 with a total volume of \$174 billion (approx. 147 billion euros). 2021 promises to surpass 2020: To date, some 374 planned IPOs have been announced for this year. With the current top 10 planned IPOs in 2021, the current total is \$306 billion (approximately 259 billion euros) by companies such as Bumble (\$6 mill.), Instacart (\$30 mill.), Robinhood Markets (\$20 mill. USD), Nextdoor (5 mill.USD), Stripe (100 mill.USD), Roblox (30 mill.USD), Coinbase (75 mill. USD), UiPath (35 mill.USD), ThoughtSpot (2 mill.USD), Ascensus (3 mill.USD) flowing into the market. The valuations are quite ambitious, but the 364 other planned IPOs are not even included in the calculation. Regardless of whether the valuations of the companies just mentioned are justified or not, the IPOs can basically represent an optimistic mood among investors, which could point to a good year for equities.

Keeping an eye on the overall market

Ultimately, no one knows how the IPOs planned for 2021 will go and whether the „next Microsoft“ may already be at the start. What is certain, however, is that a holistic view of the capital markets is essential in order to identify opportunities and risks at an early stage and to take advantage of them. Our portfolio management has been observing the markets on a daily basis for over 20 years. We are passionately following a wide range of indicators and models that reflect not only investor sentiment, but also economic analyses and relevant fundamental indicators of selected companies.

Ask your personal private banker about the various investment opportunities!

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