



CRSP[®] MARKET INDEXES

IPO REPORT

Q1 2023

CRSP[®] | **CENTER FOR RESEARCH
IN SECURITY PRICES, LLC**

An Affiliate of the University of Chicago Booth School of Business

ABOUT CRSP

As an affiliate of The University of Chicago Booth School of Business, the Center for Research in Security Prices LLC (CRSP) has been driving financial innovation since its founding in 1960.

For over 60 years, CRSP has been the premier provider of the world's first and most comprehensive resource for historical security prices and returns information, offering scholars and market participants data of the highest integrity and transparency to ensure the strongest foundation for economic forecasting, stock market research and financial analysis conducted by academic organizations, investment banks, brokerage firms, corporations and government agencies.

CRSP data has led to the transformation of the world of finance, illuminating the benefits of investments in equities, providing understanding of factors such as value, size and momentum, exploring the benefits of passive investing vs. active management, and contributing to the ongoing improvement of investor outcomes and the development of the modern financial ecosystem and investment industry.

Today, more than 600 leading academic institutions in 35 countries rely on CRSP data for academic research and to support classroom instructions.



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RESEARCH
PRODUCTS



CRSP^{LLC}
MARKET
INDEXES

CRSP has been producing indexes since 1966, helping academics and practitioners understand and research the trends in the financial markets. Drawing on this expertise, in 2011 CRSP designed and launched the CRSP Market Indexes (CRSPMI) product line to provide a comprehensive suite of efficient, transparent and representative benchmarks covering the entire U.S. equity marketplace.

The CRSPMI products are anchored by the flagship CRSP Total Market Index (CRSPTM1), which provides investors with a consistently holistic and representative benchmark for the entire qualifying U.S. equity market. Building from this, the CRSPMI suite further expands to offer investors a wide selection of market capitalization indexes (Micro, Small, Mid, Large, Mega) supplemented with a broad offering of Value and Growth styles, Sectors, and ESG benchmarks.

CRSP[®] MARKET INDEXES

CRSP Market Indexes (CRSPMI) are investable, real-time indexes that strive to blend advancements in academic research with current commercial practice in a fundamentally sound manner under the premise that an index must reflect the way that money managers actually invest.

CRSPMI have over \$2 trillion in AUM, making them highly relevant for the investors trying to understand the trends in US Equities Markets.

One of the key aspects of investable indexes is to ensure that the indexes represent all the available public securities as closely as possible, subject to turnover and other costs and management considerations.

Companies become public through IPOs or other business transactions, such as De-SPAC. CRSP evaluates the new issues to be considered for index inclusion based on several factors:

- Domicile Eligibility – identify US companies and exclude non-US companies that are not eligible
- Investability – identify companies that have sufficient liquidity based on trading volume, float shares, market cap and other relevant metrics
- Seasoning – for companies identified as Micro Cap, the company should have at least 20 trading days; for companies Small Cap or bigger, the company should have at least 5 trading days

Each quarter, CRSP indexes incorporate domicile eligible and investable new issues to best represent the US equity market.

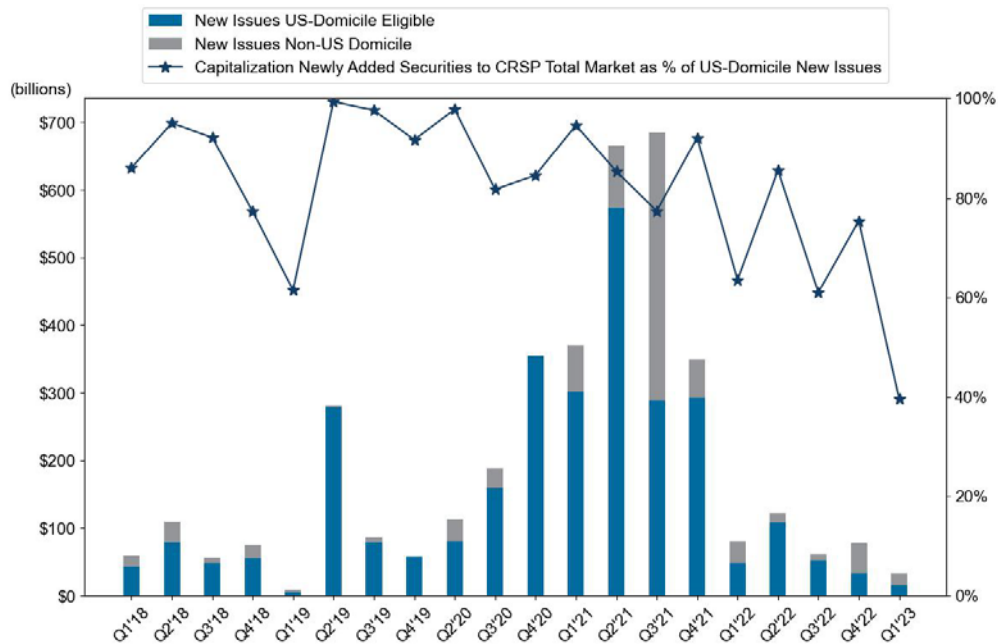
Q1 2023 IPO REPORT SUMMARY

- Q1'23 has one of the lowest number of new issues for the past 5 years
- The total capitalization of the new issues declined by 60% relative to Q1'22; In fact this has been one of the slowest quarters since 2018, with majority being Micro Cap; the only time when all the new issues were micro-cap category occurred in Q3'22
- The percentage of new issues incorporated in CRSP US Total Market dropped to ~40%, primarily due to seasoning and investability filters

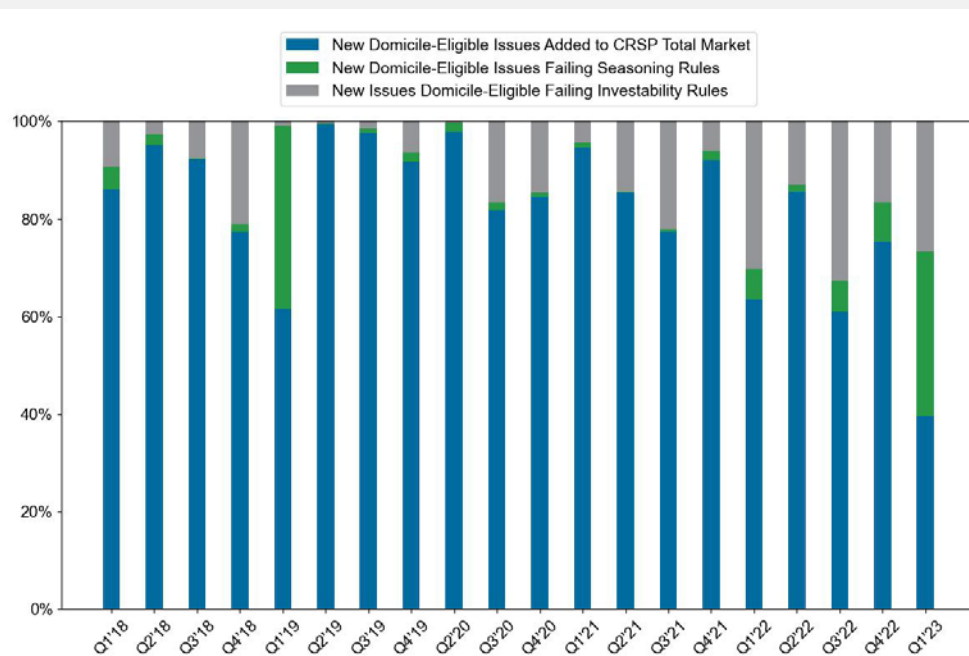
IPO ADDITIONS TO CRSP US TOTAL MARKET

Q1'23 saw one of the lowest amount of capital raised for the past 5 years. Furthermore, most of the new issues were in micro-cap category. As a result a large percentage of the new issues in Q1'23 were not seasoned, i.e. were listed for less than 20 days, or failed investability rules, i.e. insufficient liquidity based on trading volume, float shares, market cap and other relevant metrics, as of the ranking date. Therefore only ~40% were eligible to be added in CRSP Total Market Index.

Quarterly Capitalization of New Issues vs. US-Domicile Eligible Securities



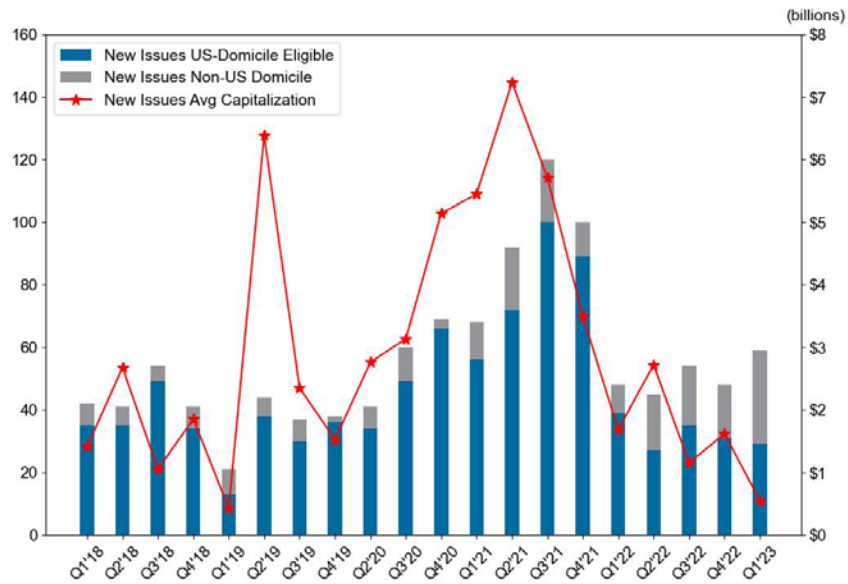
Quarterly Breakout of US-Domicile Eligible Securities as % of Capitalization



Note: Data as of 3/31/2023; Quarterly capitalization of securities and counts are taken at each new [ranking date](#)

Furthermore what was notable about Q1'23 was the sharp reduction in the average capitalization of the companies from \$1,684 million in Q1'22 to \$550 million in Q1'23.

Quarterly Number of New Issues vs. US-Domicile Eligible Securities

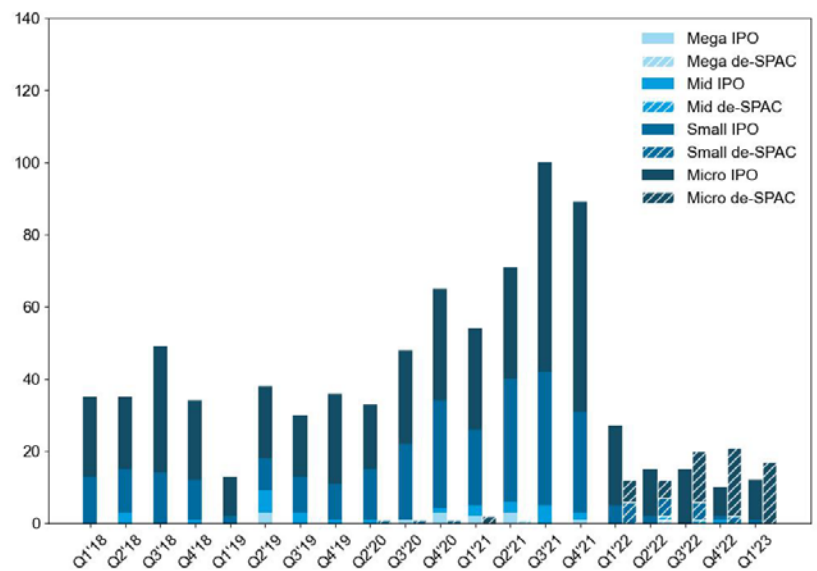


Note: Data as of 3/31/2023; Quarterly capitalization of securities and counts are taken at each new [ranking date](#)

IPO CAP SIZE TRENDS

As IPO markets continued to face headwinds, de-SPAC transactions continued to play an important role in raising capital for micro-cap companies in Q1'23.

Number of Issues (IPOs and De-SPAC transactions)



Note: Data as of 3/31/2023; Quarterly capitalization of securities and counts are taken at each new [ranking date](#)

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