



GLOBAL  
TRADE UNION

2016



Global Trade Union  
annual report **2016**

# Chairwoman's Statement

In February 2015, the Board of Directors decided to establish a new line of investment business within the company—investment in IPOs. Summarizing the two-year operating results, we report with certainty that the launch of the new investment line has been definitely worth it. According to the results of the directors' meeting, the Board decided to increase the charter capital for this line.

The main points of growth in the report period:

- Participation in IPOs of companies that create a brand-new product or service.
- Optimization of an analysis model and assessment of revenue growth potential and a company's market share.
- Keeping shares and trading activity in stocks of companies that already received investment.



Michelle M. Simonson  
President  
7 February 2017

# Strategic Report

The Strategic Report provides a review of the Company's business, the operating performance during the year to 31 December 2016 and its strategy going forward. It also considers the principal risks and uncertainties facing the Company.

## Investment Objective and Policy

Global Trade Union objective is to follow a realisation strategy, which aims to crystallise value for shareholders, through balancing the timing of returning cash to shareholders with maximisation of value.

## Strategy Implementation Risk

The Company is subject to the risk that implementation of its strategy and its level of performance fail to meet the expectations of its shareholders. The Board has undertaken a thorough review of the Company's investment strategy and policy and its structure, with the objective of maximising shareholder value. The Directors consider that clear alignment between executive incentives and shareholder value optimisation, with ongoing close oversight from the Non-Executive Board, is the optimal way to manage this.

## Macroeconomic Risk

The performance of the Company's investment portfolio can be materially influenced by economic conditions. These may affect demand for products or services supplied by investee companies, foreign exchange rates, the price of commodities or other input costs, interest rates, debt and equity capital markets, and the number of active trade and financial buyers. All of these factors may have an impact on the Company's ability to realise a return from its investment portfolio and cannot be directly controlled by the Company. This risk has not materially changed in impact from the previous year, and the Board of Directors does not believe there will be a significant impact on the valuations or operations of its portfolio companies.

## Valuation Risk

The valuation of investments in accordance with IFRS 13 and International Private Equity and Venture Capital Valuation ("IPEV") guidelines requires considerable judgement and is explained in the Notes. This risk has not materially changed in impact from the prior year.

## Gearing Risk

Gearing is used across the Company's investment portfolio. One of the principal risks of gearing is that it can cause both gains and losses in the asset value of portfolio investments to be magnified. Another significant risk associated with gearing is the potentially severe impact on portfolio investments of any breaches of the lenders' banking covenants. Secondary risks relate to whether the cost of gearing is too high and whether the contracted terms of the gearing, including those relating to the terms of borrowings, are appropriate.

# Performance report

During the 2016 reporting year, 8 investments were made in various companies conducting IPOs.

Ticker	Company	IPO date	Offering price	Current price	Price change	Share in portfolio
Financial result for existing positions					+78.3%	9.8%
<b>TWLO</b>	Twilio	June 22	\$15	\$28.9	<b>+92.3%</b>	10.4%
<b>BGNE</b>	BeiGene	February 4	\$24	\$30.4	<b>+26.5%</b>	9.7%
<b>TPIC</b>	TPI Composites	July 21	\$11	\$16	<b>+45.8%</b>	5.3%
<b>ELF</b>	ELF Beauty	September 22	\$17	\$28.9	<b>+70.2%</b>	14.4%
<b>KNLS</b>	Kinsale Capital Group	July 27	\$16	\$34	<b>+112.6%</b>	10.1%
<b>MGP</b>	MGM Properties	April 19	\$21	\$25.3	<b>+20.5%</b>	9.8%
<b>ACIA</b>	Acacia Communications	May 13	\$23	\$61.8	<b>+168.5%</b>	15.2%
<b>AIRG</b>	Airgain	August 12	\$8	\$14.4	<b>+80.0%</b>	15.3%
<b>Financial result</b>					<b>+83.6%</b>	<b>100%</b>

## Twilio (TWLO)

**+92.3%**

Twilio is an American cloud communications platform as a service (CPaaS) company based in San Francisco, California. Twilio allows software developers to programmatically make and receive phone calls, send and receive text messages, and perform other communication functions using its web service APIs. Twilio raised approximately \$103 million in venture capital growth funding. Twilio's text messaging API was released in February 2010, and SMS shortcodes were released in public beta in July 2011.

IPO date	<b>June 22</b>
Offering price	<b>\$15</b>
Current price	<b>\$28.9</b>

## BeiGene (BGNE)

**+26.5%**

BeiGene is a biotechnology company that specializes in the development of drugs for cancer treatment. Founded in Beijing in 2010 by Xiaodong Wang and chief executive officer John V. Oyler, the company has offices in China, the United States, Australia and Europe. BeiGene has developed several pharmaceuticals, including tislelizumab, a checkpoint inhibitor, and zanubrutinib, a Bruton's tyrosine kinase inhibitor which became the first cancer drug developed in China to gain approval from the U.S.

IPO date	<b>February 4</b>
Offering price	<b>\$24</b>
Current price	<b>\$30.4</b>

## TPI Composites (TPIC)

**+45.8%**

TPI Composites were founded in 1968 and have been providing composite wind blades since 2001. Company enabled many of the industry's leading wind turbine original equipment manufacturers (OEMs), who have historically relied on in-house production, to outsource the manufacturing of some of their wind blades. TPI Composites is headquartered in Scottsdale, Arizona, and we have expanded our global footprint to include domestic facilities in Newton, Iowa; Warren, Rhode Island; and Santa Teresa, New Mexico and international facilities in Dafeng, China; Taicang Port, China; Yangzhou, Jiangsu, China; Kolding, Denmark; Chennai, India; Juarez, Mexico; Matamoros, Mexico; and Izmir, Turkey.

IPO date	<b>July 21</b>
Offering price	<b>\$11</b>
Current price	<b>\$16</b>

## ELF Beauty (ELF)

**+70.2%**

ELF Beauty is an American cosmetics brand based in Oakland, California. It was founded by Joseph Shamah and Scott Vincent Borba in 2004. Items include bath and skin-care products, mineral-based makeup, professional tools, eyeliners, lipstick, glosses, blushes, bronzers, brushes, and mascara, among others.

According to the company, its products are 100% "cruelty-free", and it supports PETA's no fur campaign.

IPO date	<b>September 22</b>
Offering price	<b>\$17</b>
Current price	<b>\$28.9</b>

## Kinsale Capital Group (KNSL)

**+112.6%**

Kinsale Capital Group, Inc. is a specialty insurance group focused exclusively on the excess and surplus lines market in the United States. Company used underwriting expertise to offer terms on hard-to-place risks. Kinsale seeks to accomplish its goal by producing consistent underwriting profits, steady investment returns along with sound capital management. Kinsale Capital Group, Inc. is designed to be highly entrepreneurial and efficient. Company differentiated from our competitors by effectively leveraging technology, vigorous expense management and by maintaining control over our claims and underwriting processes.

IPO date	<b>July 27</b>
Offering price	<b>\$16</b>
Current price	<b>\$34</b>

## MGM Properties (MGP)

**+20.5%**

MGM Properties is a real estate investment trust based in Summerlin South, Nevada, that invests in large-scale destination entertainment and leisure resorts. The company has whole or majority ownership of 15 properties, all of which are operated by MGM Resorts International.

MGP, together with its joint venture currently owns a portfolio of properties, consisting of 12 premier destination resorts in Las Vegas and elsewhere across the United States, MGM Northfield Park in Northfield, OH, Empire Resort Casino in Yonkers, NY, as well as a retail and entertainment district, The Park in Las Vegas.

IPO date	<b>April 19</b>
Offering price	<b>\$21</b>
Current price	<b>\$25.3</b>

## Acacia Communications (ACIA)

**+168.5%**

Acacia Communications is an optical networking telecommunication technology company that develops products using a process referred as "siliconization of optical interconnect" which is essentially a methodology to convert traditional optical interconnections into a silicon-based chip.

Acacia products include a series of low-power coherent digital signal processor application-specific integrated circuits (DSP ASICs) and silicon photonic integrated circuits (silicon PICs), which the company has integrated into families of optical interconnect modules with transmission speeds ranging from 40 to 400 gigabits per second, for use in long-haul, metro, and inter-data center markets.

IPO date	<b>May 13</b>
Offering price	<b>\$23</b>
Current price	<b>\$61.8</b>

## Airgain (AIRG)

**+80.0%**

Airgain, Inc. designs, develops, and engineers antenna products for original equipment and design manufacturers, chipset vendors, and service providers worldwide.

It is a wireless system innovator focused on improving the mass market's wireless connectivity experience through its patented smart antenna technology, embedded antenna designs, and modular wireless video and system products. Airgain designs, develops and engineers its antenna products and connectivity solutions for original equipment and design manufacturers worldwide.

IPO date	<b>August 12</b>
Offering price	<b>\$8</b>
Current price	<b>\$14.4</b>

## Summary on GTU performance in 2016

In 2016, the profit of Global Trade Union was **83.6%**. IPO investment proved to be an efficient way to boost funds in terms of revenue and exposure. A fully transparent and regulated legal environment allows getting complete information about the financial status of a company undertaking an IPO. Using the economic and legal expertise and accumulated investment experience, Global Trade Union chooses the most undervalued companies that possess the highest potential and can get a growth accrual effect from going public.

Companies reviewed in the previous section were accurately picked and analyzed using patented software. It helps to identify hidden growth factors, such as the innovative activity of the company, customer satisfaction rate, corporate culture quality, etc. It allows picking and taking part in the most successful IPOs on the market, as well as assessing the company's further growth potential based on the results of their offering. Besides participating in new offerings, Global Trade Union aims for long-term results and increases revenue by keeping its position and trading activity in assets of companies that have already received investment.