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Backing the right horse in the IPO race and making sense of Quindell

Round the desk at Shard has been discussing IPOs over the last week. There have been 31 on AIM since January and with this frenzy investors need to be selective about which ones they go for – and as important, which they avoid.

Shard supported the Bagir Group's (LON:BAGR) floatation on Tuesday April 15, dodged the Haydale Graphene Industries (LON:HAYD) and will be participating in the Rosslyn Data Technologies listing on the April 29. Below Gareth Burchell gives us his thoughts on our AIM debutants.

Bagir Group

Bagir has been around since the 60s and has been supplying tailoring to the likes Marks & Spencer since the early 70s. Bagir account for at least 40% of Marks' and Arcadia's formalwear business and also works with John Lewis, Austin Reed, Moss and House of Fraser.

The next step is to carve out this sort of market share in ladieswear market. The house broker thinks revenues of \$100m could be more like \$300m over time. Any loss of a major client would be a big blow and the sector is competitive. But with an anticipated yield in 2014 of 5.3%, it provides income and growth.

Haydale Graphene Industries

It seemed to us that the Graphene space could have been a bit of a bubble. We were fearful that the hype surrounding Graphene plays could have led to an inflated valuation and at £23m we thought it was a bit too expensive. The broker forecasts did not excite us and lacked revenue visibility. Graphene undoubtedly has a lot of potential but we just felt the valuation of this particular company was a tad toppy. The price has been hit quite hard since its float at 210p, with shares currently around 141p.

Rosslyn Data technologies

Rosslyn is a "big data" play and a leader in cloud based analytics. The company takes all of its existing data from internal systems through to social media, tidy it all up and use the data to provide important analytics back to the client. It delivered £10m of savings for one blue chip client for just a £60,000 spend and have an impressive list of over 50 multi-national customers including the likes of Coca Cola, Sony, Diageo, Xerox and GE.

Centos is bringing the stock to the market on the next week and we are looking forward to its debut. Although its revenues are early stage, the management have spent £5m developing the technology and With any share in this space there is the chance that someone comes along with better technology, so Rosslyn will need to turn its potential into revenue. But, with a pre-money valuation of £15m, we think there is upside from here.

And finally...Quindell

It has been a rollercoaster week for Quindell (LON:QPP) with the shares hitting a high of 40p and a low of 18.5p on the back of a report that all is not quite as it seems with the business. We at Shard like the shares and supported them in the 16p fundraise last year. At the time of writing we were expecting a detailed RNS either Friday or early next week to respond to this speculation and hopefully put the market straight. To me this moves seems overdone considering the company behind the report has made no secret of the fact it is short of the stock. What has probably made things worse

is a series of stops being hit and people trading on leverage being closed out, making the decline much worse. If this Quindell's response lays these allegations to bed, this could give believers a chance to top up at lower levels.

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Contact us +44 (0)1202 770386 action@proactiveinvestors.com

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