

US SPAC Quarterly Market Report: 1H21 Review

Growing Popularity of Celebrity-Led SPACs



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Industry Overview – SPAC

SPAC market performs well in 1H21, but expected to witness decline on account of SEC intervention and existing SPACs looking for deals



SPAC 2021

SPACs continued their momentum in 2021, with funds raised exceeding the 2020 amount in just March 2021.

However, a succession of bad performance of existing SPACs, together with SEC scrutiny, has temporarily slowed the market.



Celebrity-Led SPACs

Celebrity-led SPACs have been in existence since 2019/2020 but were mostly dominated by finance professionals and businessmen.

The recent SPAC frenzy has attracted a diverse pool of celebrities including athletes, musicians, and politicians.

The emergence of this new type of sponsor led to the SEC issuing an investor warning.



SPAC IPO and Initial Business Combination Outlook

Despite the slowdown, some SPACs are still waiting to issue IPOs. The segment is attracting new types of participants and foraying into new geographies.

The additional scrutiny is expected to help regularize the market and make it ready for the next stage of growth.

Celebrity-Led SPAC Overview



Celebrity-Led SPACs – Introduction

SPACs by nature depend on sponsor reputation, prompting many personalities to leverage their fame to promote SPAC

We have identified three types of celebrity-led SPACs:



Finance Personalities

- These are larger-than-life personalities from the finance industry who capitalize on their fame to sell themselves as SPAC sponsors.
- Examples include Bill Ackerman and Chamath Palihapitiya.



Business Personalities

- These are famous businessmen or owners of aspirational investments such as sports teams.
- Examples include Richard Branson.



Celebrities / Politicians

- These include well-known personalities in sports and politics.
- They do not come from a finance/business background but are mainly valued for their network or ability to assess the SPAC target.
- Examples include Shaquille O'Neal (ex-basketball player) and Paul Ryan (former speaker of the House of Representatives).

Source: Aranca Research

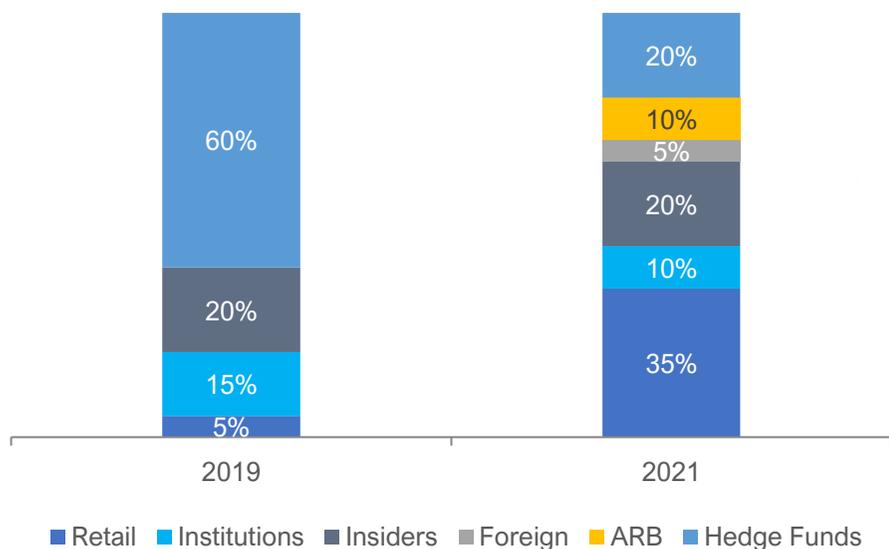
Celebrity-Led SPACs – Celebrity Appeal

While celebrities would want to cash in on their brand, why would sponsors and SEC believe investors would be swayed by them?

The SPAC market has moved from institutional to retail investors, who are more likely to be swayed by a story.

SPAC investor profile is turning more retail

SPAC Investor Profile



- Retail investors have become major contributors to SPAC investment, growing from 5% in 2019 to 35% in 2021.
- These investors are less sophisticated and lack the ability to conduct proper due diligence.
- SPACs allow investors to invest in promising late-stage companies, a domain normally reserved for PE firms.

Source: Morrow Sodali, Aranca Research

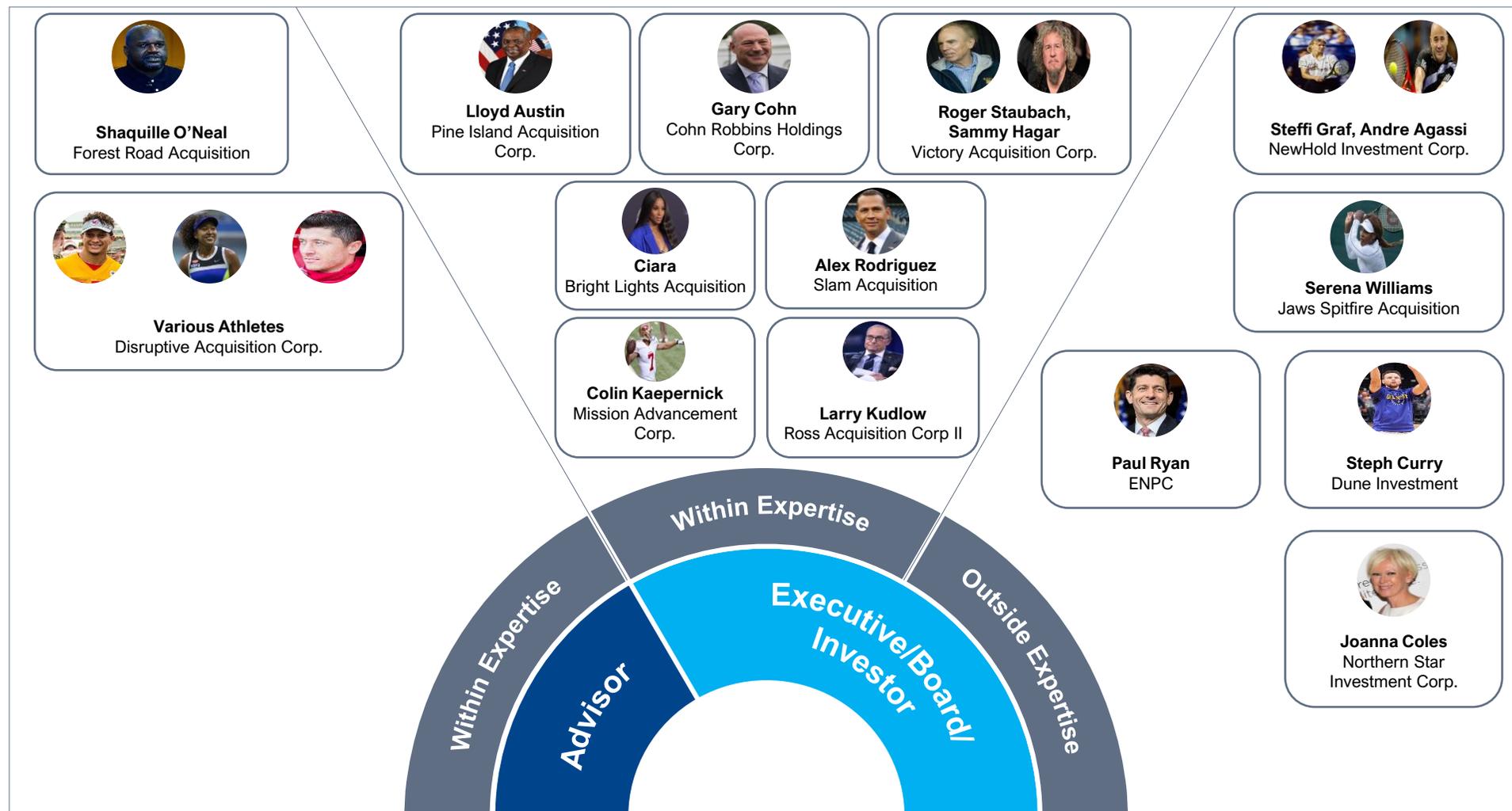
Celebrities are market movers, able to mobilize their followers



- The GameStop short squeeze and AMC stock surge indicate social media's ability to influence markets.
- Celebrities have amassed a huge number of followers and are talented storytellers, making them ideal brand ambassadors.
- The halo effect, where an investment seems attractive because of its association with a famous person, is also a contributing factor.

Celebrities-Led SPACs – Celebrity Role

Most celebrities enter SPACs at executive or board level, even SPACs targeting areas outside of their core competence



Source: SPAC Research, Business Press, Aranca Research

Celebrity-Led SPACs – To Invest or Not to Invest?

Celebrities bring unique strengths to SPAC team, but investors should be aware of associated risks

Reasons to Trust Celebrity-Led SPACS



Celebrities are investors/businessmen themselves and so would have a good understanding of investing. Shaquille O’Neal was an early investor in Google. He was also a spokesman for and early investor in Ring (acquired by Amazon).



Celebrities can leverage their network to gain access to exclusive deals. RedBall Acquisition was able to get into talks with a major sporting group because it had a well-known baseball executive on its team.



If the SPAC is looking for a target company in the industry in which the celebrity has expertise, the celebrity can use their unique perspective and experience in helping to evaluate the target and complete due diligence.



Celebrities have a reputation to protect and therefore would not want to affiliate themselves with a subpar investment.

Reasons Not to Trust Celebrity-Led SPACS



As sponsors, celebrities are given a pay-out only if they complete a deal, so they may be inclined to accept any deal.



Some celebrities are launching SPACs outside their area of expertise, which reduces their value.



Celebrities have the resources to take and diversify their risk. Their investors may not have the same ability to absorb risks.



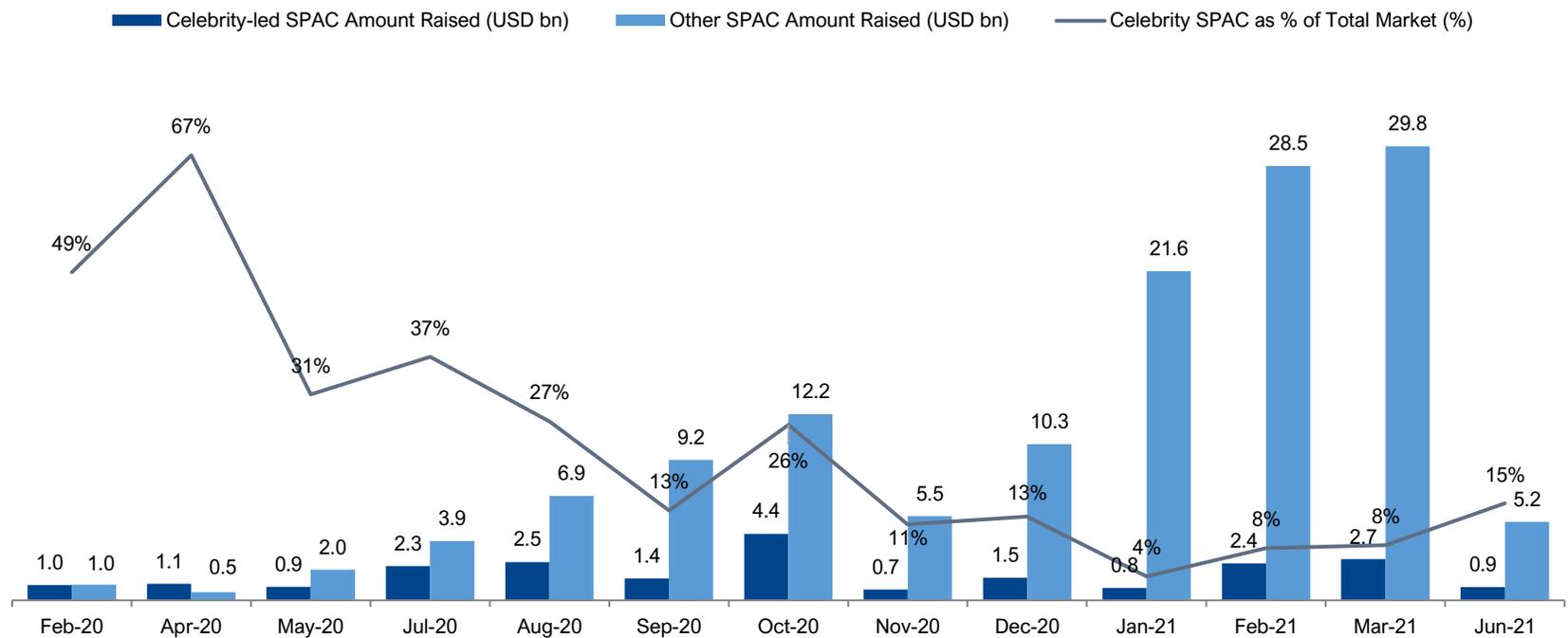
Closing a SPAC requires a management team with significant experience in going public, dealing with institutional investors, and executing business plans.

Source: Business Press, Aranca Research

Fund Raising Trends – Amount Raised and Number of Deals

Similar to main SPAC market, celebrity-led SPACs grew popular last year and experienced a surge in 2021

While celebrity-led SPACs accounted for a higher percentage of the total SPAC capital raised in early 2020, the figure has fallen in 2021 with the increasing popularity of the overall SPAC market.



Celebrity-led SPAC IPOs	1	2	1	3	4	3	7	3	5	3	4	8	4
Other SPAC IPOs	7	3	8	14	22	35	43	29	42	86	93	100	28

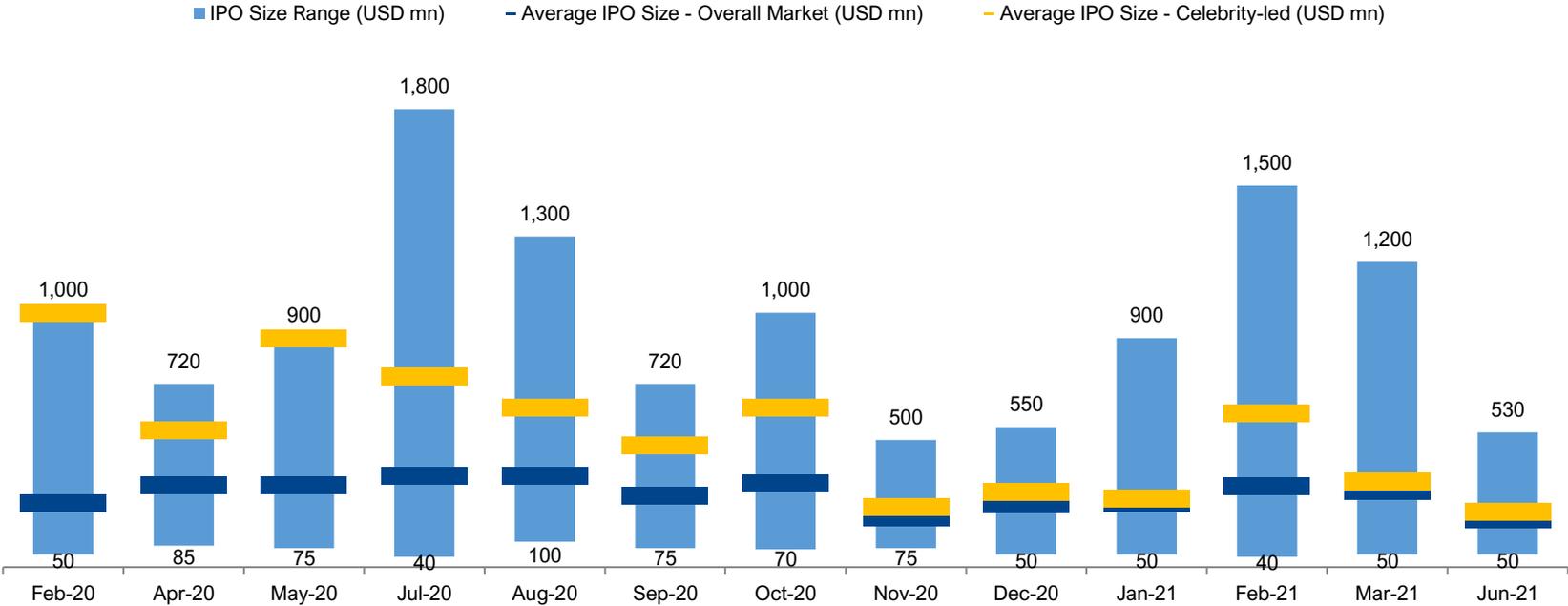
Source: SPAC Research, Aranca Research

Note: Excludes Pershing Square Tontine Holdings IPO of USD 4,000mn as an outlier

SPAC IPO Size Trends – IPO Size Range and Average Amount Raised

Celebrities manage to monetize their personal brand by raising above-average IPO sizes

In 2020, celebrity-led SPACs were able to raise more than the average amount compared to other SPACs; however, the premium has since decreased



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Other SPAC IPOs	7	3	8	14	22	35	43	29	42	86	93	100	28

Source: SPAC Research, Aranca Research

Note: Excludes Pershing Square Tontine Holdings IPO of USD 4,000mn as an outlier

Celebrity-Led SPACs – Completed Deals

IPO Date	SPAC Name	Celebrity	Profession	Position	Target Industry	Target	IPO Size (USD mn)	Deal Size (USD mn)	Redemption Rate
14-Feb-20	Churchill Capital III	Michael Klein	Businessman	Chairman/CEO	Healthcare	Multiplan	1,100	11,138	7.90%
11-Apr-20	Social Capital Hedosophia Holdings Corp. III	Chamath Palihapitiya	Finance Personality	CEO	Healthcare	Clover Health	828	3,702	0.00%
28-Apr-20	Social Capital Hedosophia Holdings Corp. II	Chamath Palihapitiya	Finance Personality	CEO	Real Estate	Opendoor	414	4,800	0.00%
27-May-20	Foley Trasimene Acquisition Corp. I	William P. Foley, II	Finance Personality	CEO	Technology	Alight Solutions	1,035	7,300	-
19-Aug-20	Foley Trasimene Acquisition Corp. II	William P. Foley, II	Finance Personality	CEO	Financial	Paysafe Limited	1,467	9,000	0.10%
03-Oct-20	VG Acquisition Corp.	Richard Branson	Businessman	Founder	Healthcare	23andMe Holding Co.	509	5,779.	32.80%
09-Oct-20	Social Capital Hedosophia Holdings Corp. V	Chamath Palihapitiya	Finance Personality	CEO	Financial	SoFi Technologies, Inc.	805	7,208	0.20%
11-Nov-20	Northern Star Investment Corp.	Joanna Coles	Editor	CEO	Consumer	Barkbox	254	1,642	11.00%
25-Nov-20	Forest Road Acquisition	Shaquille O'Neal	Sports Personality	Strategic Advisor	Consumer	Beachbody and MYX Fitness	300	2,970	27.90%

Source: SPAC Research, Aranca Research

Celebrity-Led SPACs – Live Deals

IPO Date	SPAC Name	Celebrity	Profession	Position	Target Industry	Target	IPO Size (USD mn)	Deal Size (USD mn)	Premium
26-Jan-20	Northern Star Investment Corp. II	Joanna Coles	Editor	CEO	Financial	Apex Clearing Holdings LLC	400	4,700	-0.40%
30-Jul-20	Churchill Capital Corp IV	Michael Klein	Businessman	CEO	Automotive	Lucid Motors USA, Inc.	2,070	19,591	173.60%
31-Jul-20	NewHold Investment Corp.	Peyton Manning, Andre Agassi, Steffi Graf	Sports Personality	Provided PIPE	Technology	Evolv Technology	173	1,325	0.00%
04-Aug-20	Yucaipa Acquisition Corporation	Ron Burkle	Businessman	President / Chairman	Media & Entertainment	Signa Sports United GmbH	345	3,230	-1.30%
05-Aug-20	BowX Acquisition Corp.	Vivek Ranadivé	Businessman	Chairman / CEO	Real Estate	Wework Inc.	483	8,966	15.25%
09-Oct-20	Landcadia Holdings III	Tilman Fertitta	Businessman	CEO	Hospitality	The Hillman Group, Inc.	500	2,642	22.30%
28-Oct-20	Ajax I	Daniel Och, Kevin Systrom and Steve Ells	Businessman	CEO	Consumer	Cazoo Limited	805	7000	-0.65%
03-Dec-20	Jaws Spitfire Acquisition Corporation	Serena William	Sports Personality	Board Member	Technology	Velo3D	345	1,614	0.60%
08-Dec-20	Revolution Acceleration Acquisition Corp	John Delaney	Politician / Businessman	CEO	Technology	Berkshire Grey, Inc.	288	2,235	-0.30%
15-Dec-20	Marquee Raine Acquisition Corp.	Tom Ricketts	Businessman	CEO	Consumer	Enjoy Technology, Inc	374	1,180	-1.00%

Source: SPAC Research, Aranca Research

Celebrity-Led SPACs – Pre-Deals (1/3)

IPO Date	SPAC Name	Celebrity	Profession	Position	Target Industry	IPO Size (USD mn)	52-Week High/Low Price (USD)	Current Price (USD)
02-Jul-20	East Resources Acquisition Company	Terry Pegula	Businessman	CEO	Energy	345	9.63 / 10.73	9.8
28-Jul-20	RedBall Acquisition Corp.	Billy Beane	Sports Personality / Executive	CEO	Media & Entertainment	575	9.75 / 12.40	9.78
28-Aug-20	Equity Distribution Acquisition Corp.	Sam Zell	Businessman	CEO	Industrial	414	9.70 / 11.06	9.89
07-Sep-20	Cohn Robbins Holdings Corp.	Gary Cohn	Politician / Businessman	Co Chairman and Director	General	828	9.65 / 11.46	9.84
16-Sep-20	Executive Network Partnering Corp.	Paul Ryan	Politician	Chairman of the Board	NA	414	9.65 / 26.31	9.75
18-Sep-20	Social Capital Hedosophia Holdings Corp. IV	Chamath Palihapitiya	Finance Personality	CEO	Technology	460	10.06 / 18.31	10.36
18-Sep-20	Social Capital Hedosophia Holdings Corp. VI	Chamath Palihapitiya	Finance Personality	CEO	Technology	1,150	10.08 / 10.10	10.05
22-Sep-20	Churchill Capital Corp V	Michael Klein	Businessman	CEO	General	500	9.70 / 13.88	10.15
23-Sep-20	Bridgetown Holdings Limited	Peter Thiel	Businessman	CEO	General	595	9.85 / 25.84	10.11
08-Oct-20	Forest Road Acquisition Corp. II	Shaquille O'Neal	Sports Personality	Strategic Advisor	General	350	9.71 / 10.16	9.74
17-Nov-20	Pine Island Acquisition Corp.	Lloyd Austin	Former General	Partner	Defense, Government Service, and Aerospace	218	9.71 / 14.94	9.75
18-Dec-20	Dune Acquisition	Steph Curry	Sports Personality	-	Tech or SaaS	175	9.51 / 10.24	9.79

Source: SPAC Research, Aranca Research

Celebrity-Led SPACs – Pre-Deals (2/3)

IPO Date	SPAC Name	Celebrity	Profession	Position	Target Industry	IPO Size (USD mn)	52-Week High/Low Price (USD)	Current Price (USD)
31-Dec-20	Bridgetown 2 Holdings Limited	Peter Thiel	Businessman	CEO	General	299	9.79 / 14.00	10
07-Jan-21	Bright Lights Acquisition	Ciara	Musician	Board Member	Consumer Products, Media, Entertainment and Sports	230	9.56 / 10.50	9.65
08-Jan-21	Churchill Capital Corp VII	Michael Klein	Businessman	CEO	General	1,380	9.70 / 10.00	9.75
08-Jan-21	Churchill Capital Corp VI	Michael Klein	Businessman	CEO	General	552	9.73 / 10.61	9.9
04-Feb-21	Northern Star Investment Corp. III	Joanna Coles	Editor	CEO	Consumer	400	9.70 / 10.10	9.79
04-Feb-21	Northern Star Investment Corp. IV	Joanna Coles	Editor	CEO	Consumer	400	9.64 / 10.19	9.76
05-Feb-21	USHG Acquisition Corp.	Danny Meyer	Businessman	Chairman	General	288	9.68 / 10.25	9.74
12-Feb-21	Landcadia Holdings IV, Inc.	Tilman Fertitta	Businessman	CEO	Consumer	500	9.60 / 27.18	9.71
12-Feb-21	Virgin Group Acquisition Corp. II	Richard Branson	Businessman	CEO	Consumer	403	9.72 / 10.55	9.72
23-Feb-21	Slam Corp	Alex Rodriguez	Sports Personality	CEO	General	575	9.35 / 9.99	9.71
03-Mar-21	Mission Advancement Corp.	Colin Kaepernick	Sports Personality	Co Chairman	Consumer business	345	9.61 / 10.00	9.7
12-Mar-21	Ross Acquisition Corp. II	Wilbur Ross and Larry Kudlow	Politician	CEO/Director	Tech, Materials, Space, Analytics, and Others	345	9.65 / 10.30	9.68

Source: SPAC Research, Aranca Research

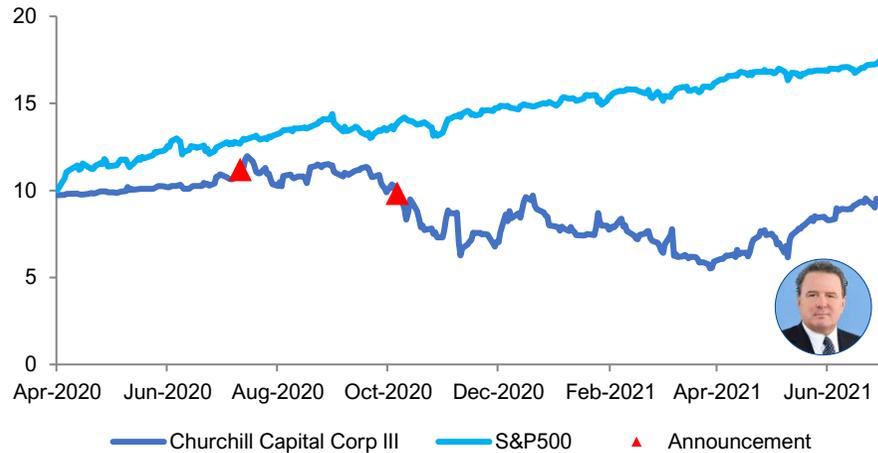
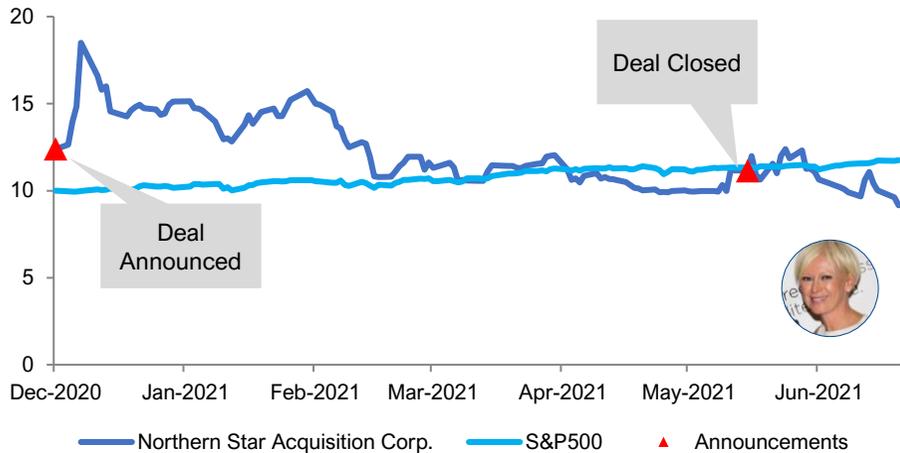
Celebrity-Led SPACs – Pre-Deals (3/3)

IPO Date	SPAC Name	Celebrity	Profession	Position	Target Industry	IPO Size (USD mn)	52-Week High/Low Price (USD)	Current Price (USD)
24-Mar-21	Disruptive Acquisition Corp.	Multiple Sports stars	Sports Personality	Athlete Advisory	Healthcare	275	9.65 / 10.78	9.67
30-Jun-21	Social Capital Suvretta Holdings Corp. IV	Chamath Palihapitiya	Finance Personality	CEO	Healthcare	250	9.96 / 10.19	10.01
Pre-IPO	Victory Acquisition Corp.	Roger Staubach, Sammy Hagar	Sports Personality, Musician	-	Pre-IPO	-	-	-
Pre-IPO	Revolution Acceleration Acquisition Corp. II	John Delaney	Politician / Businessman	CEO	Pre-IPO	-	-	-

Source: SPAC Research, Aranca Research

Celebrity-Led SPACs – Price Performance (1/3)

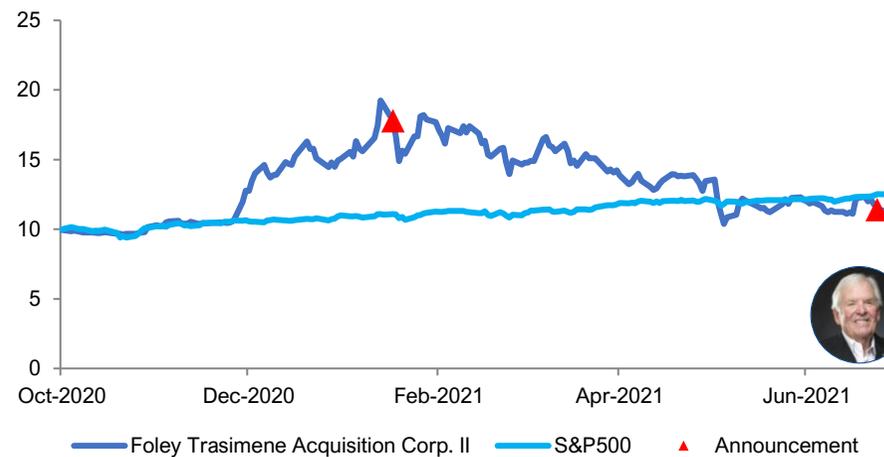
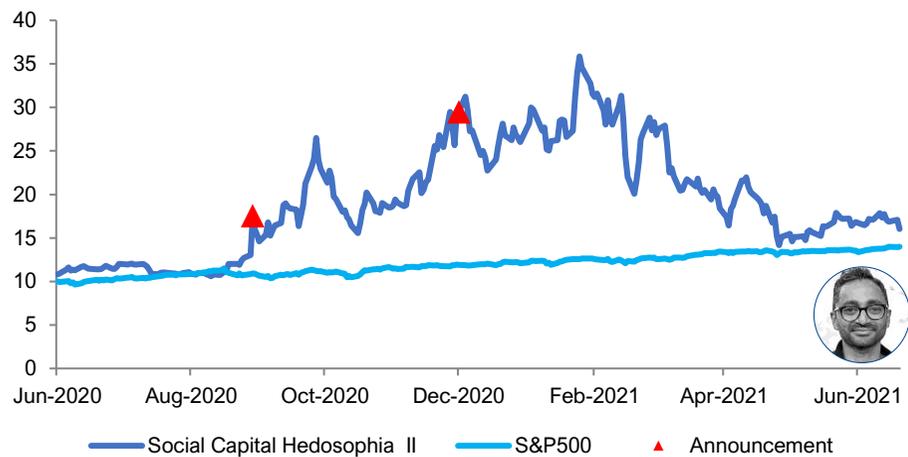
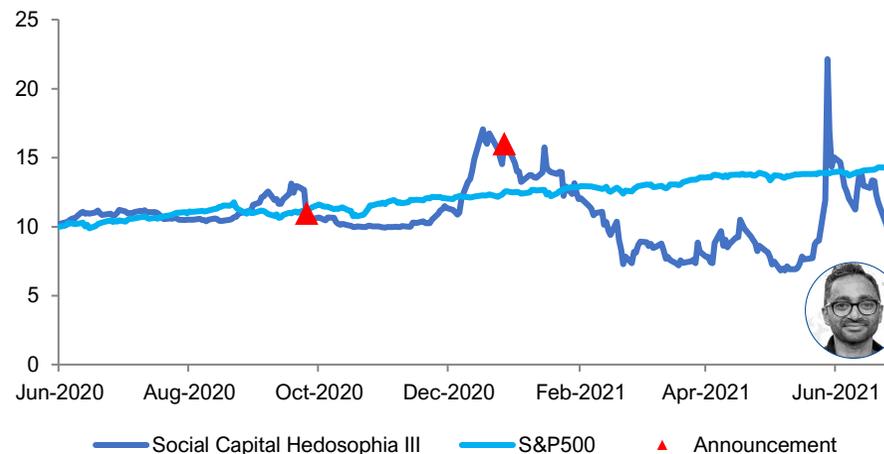
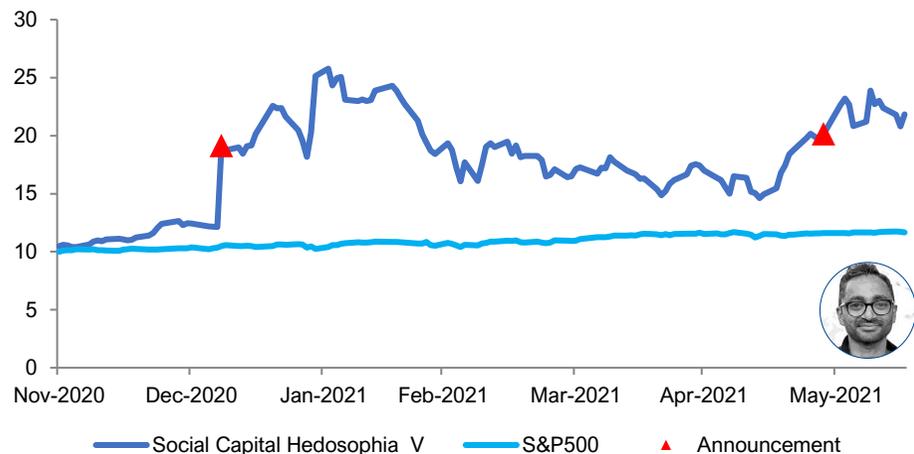
Comparison of SPAC price movements with S&P500 shows SPACs mostly underperformed market



Source: SPAC Research, Aranca Research

Celebrity-Led SPACs – Price Performance (2/3)

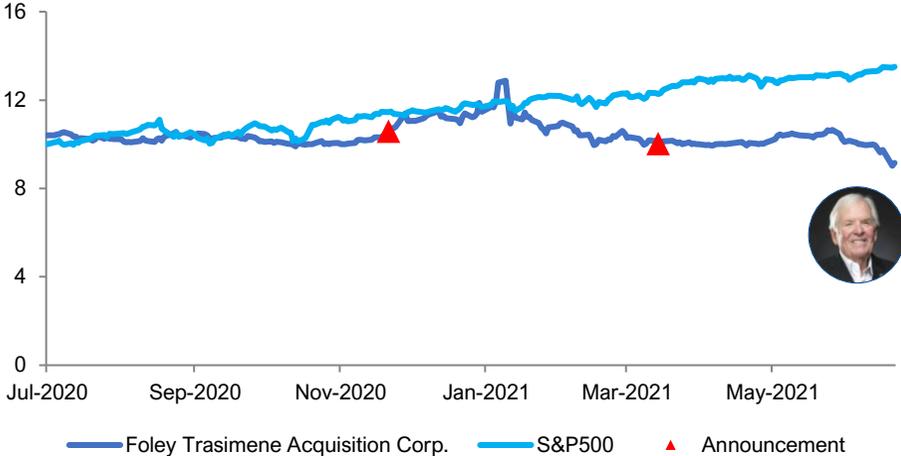
Comparison of SPAC price movements with S&P500 shows SPACs mostly underperformed market



Source: SPAC Research, Aranca Research

Celebrity-Led SPACs – Price Performance (3/3)

Comparison of SPAC price movements with S&P500 shows SPACs mostly underperformed market



Source: SPAC Research, Aranca Research

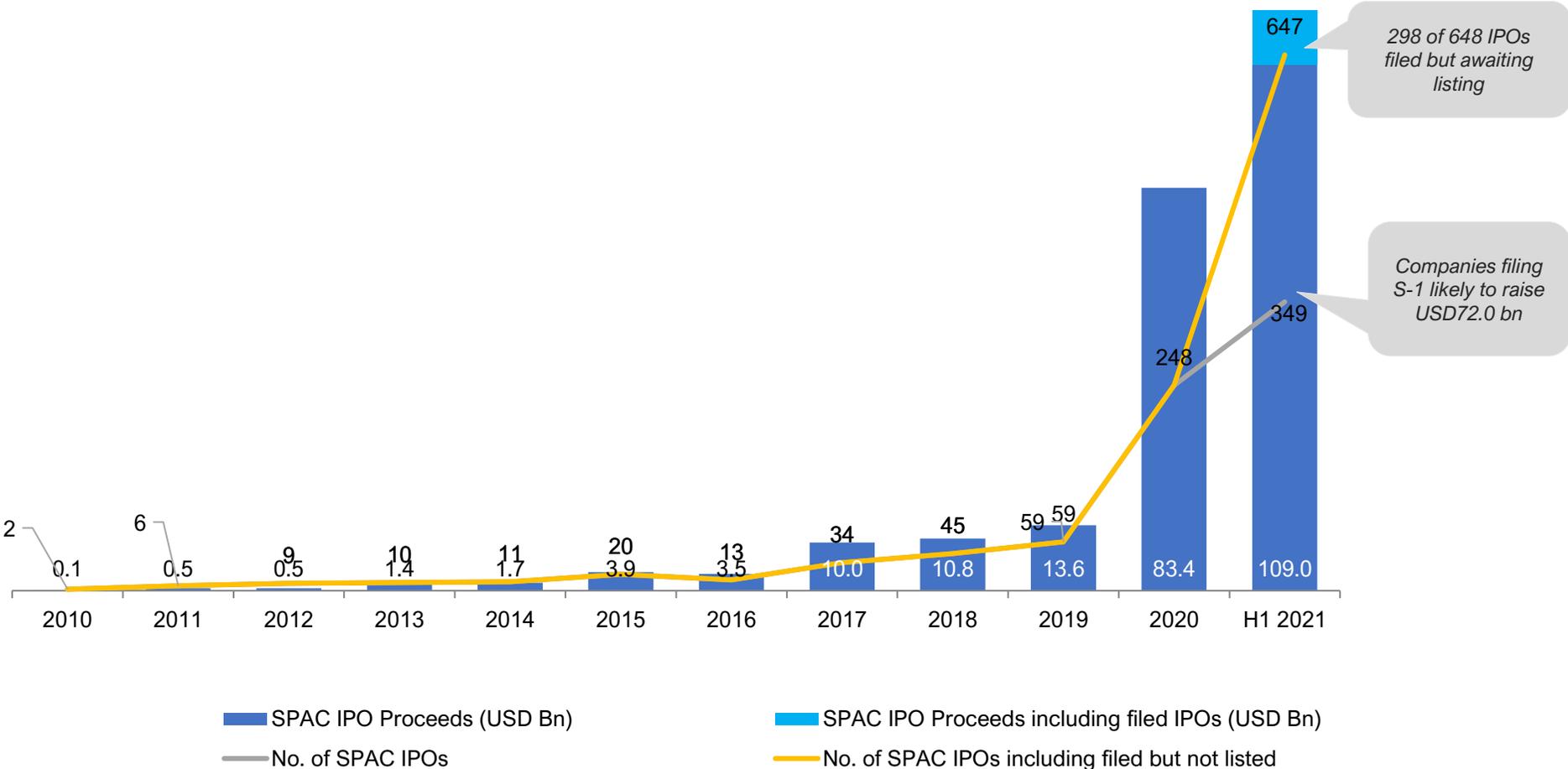
1H21 SPAC Update



Industry Overview – SPAC IPO Issuances and Amount Raised

SPACs continue momentum in 2021, with 349 SPAC IPOs and 298 applications filed and waiting for listing

In 1H21, 349 SPAC IPOs raised USD109 bn in proceeds, surpassing the previous all-time high recorded in 2020.



298 of 648 IPOs filed but awaiting listing

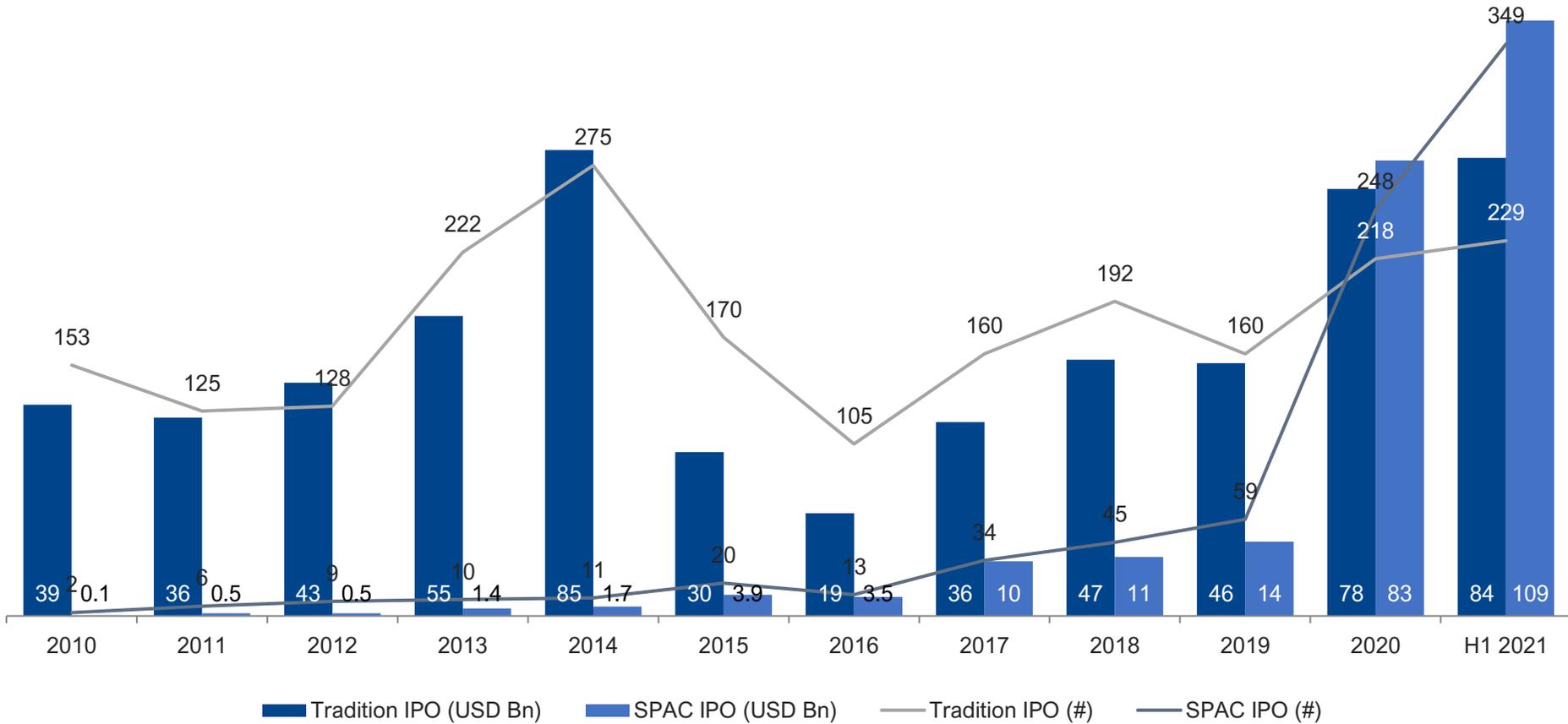
Companies filing S-1 likely to raise USD72.0 bn

Source: S&P Capital IQ, SPAC Alpha, Aranca Research

Industry Overview – SPAC IPO vs Traditional IPO Issuance and Number of Deals

SPACs continue to outperform traditional companies in 2021 by issuing more IPOs and raising more capital

In 1H21, SPACs raised 29% more funds and issued 52% more IPOs compared to traditional companies.



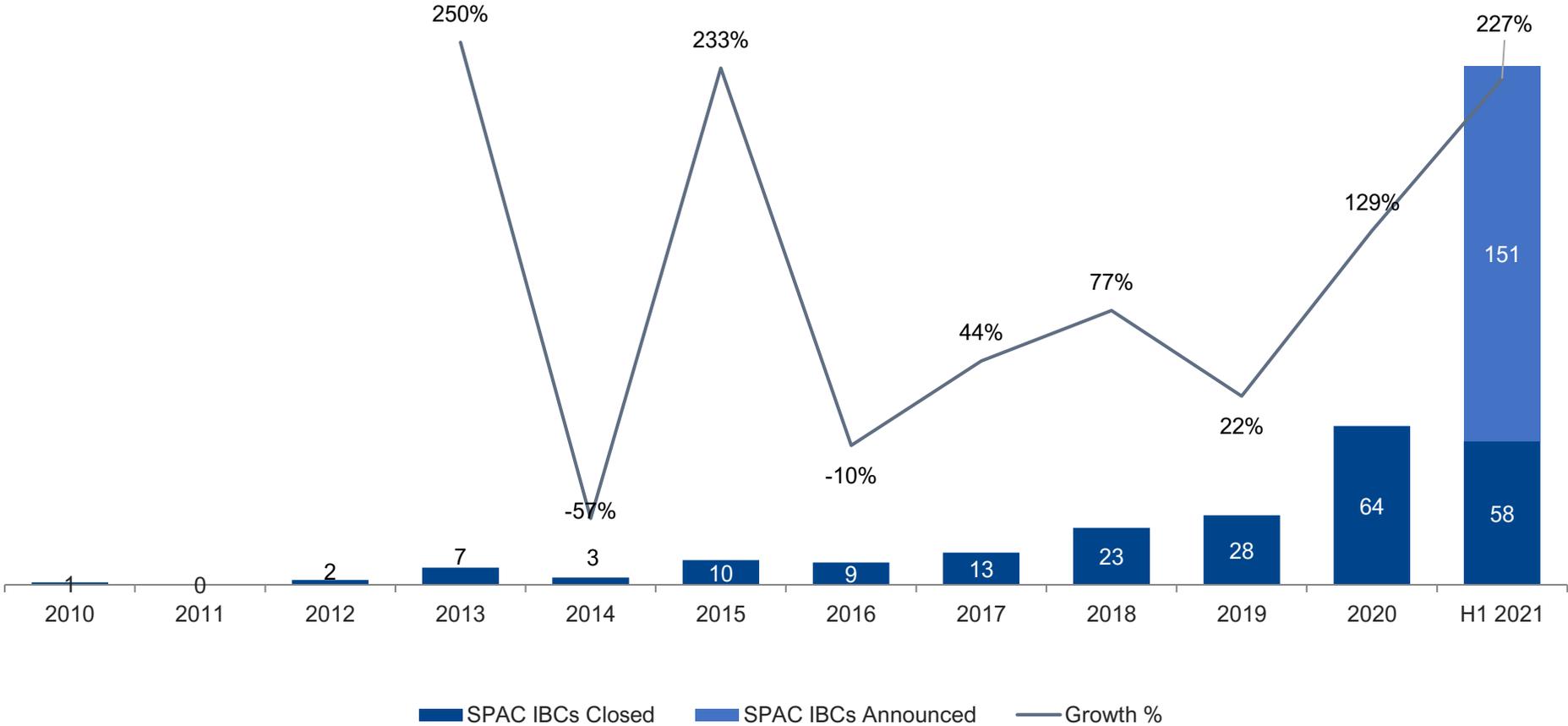
Source: S&P Capital IQ, SPAC Alpha, Aranca Research



Industry Overview – Status of Announced SPAC Deals

SPACs continue to be a viable route for private companies looking to go public

In 1H21, 58 SPACs completed mergers and 151 announced signing initial business combination agreements.



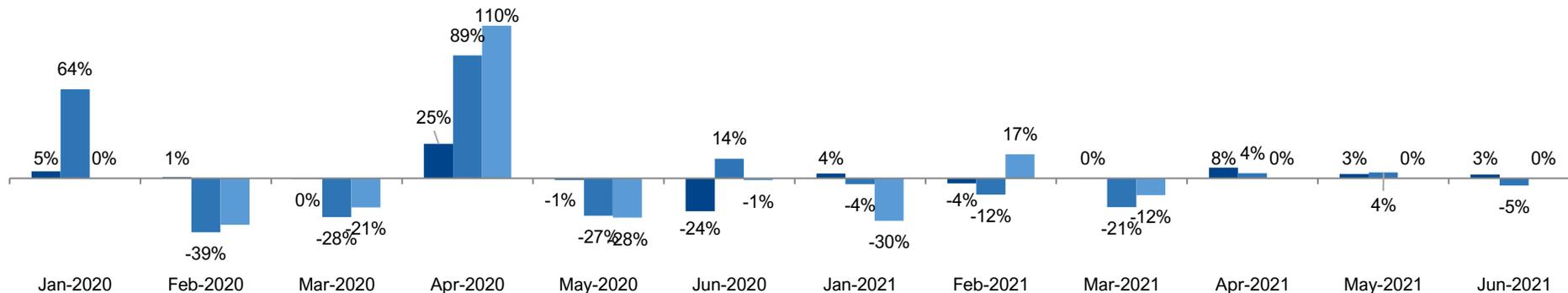
Source: S&P Capital IQ, SPAC Alpha, Aranca Research

Industry Overview – SPAC IPO Performance vs Traditional IPO Performance

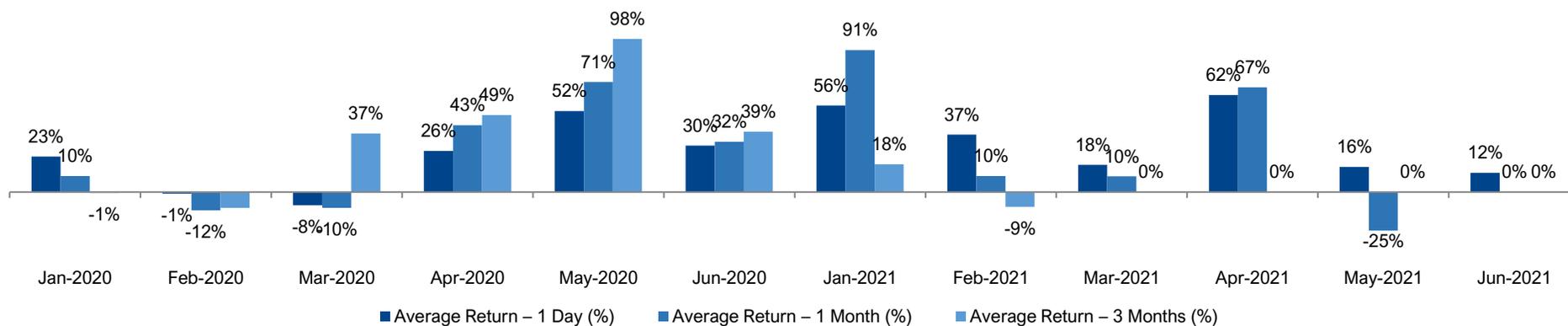
While SPAC IPOs continue to grow more popular than traditional ones, returns of completed SPAC IPOs tend to be lower

In 1H21, traditional company IPOs managed to record higher returns compared to those of SPACs.

Completed SPAC IPO



Traditional IPO

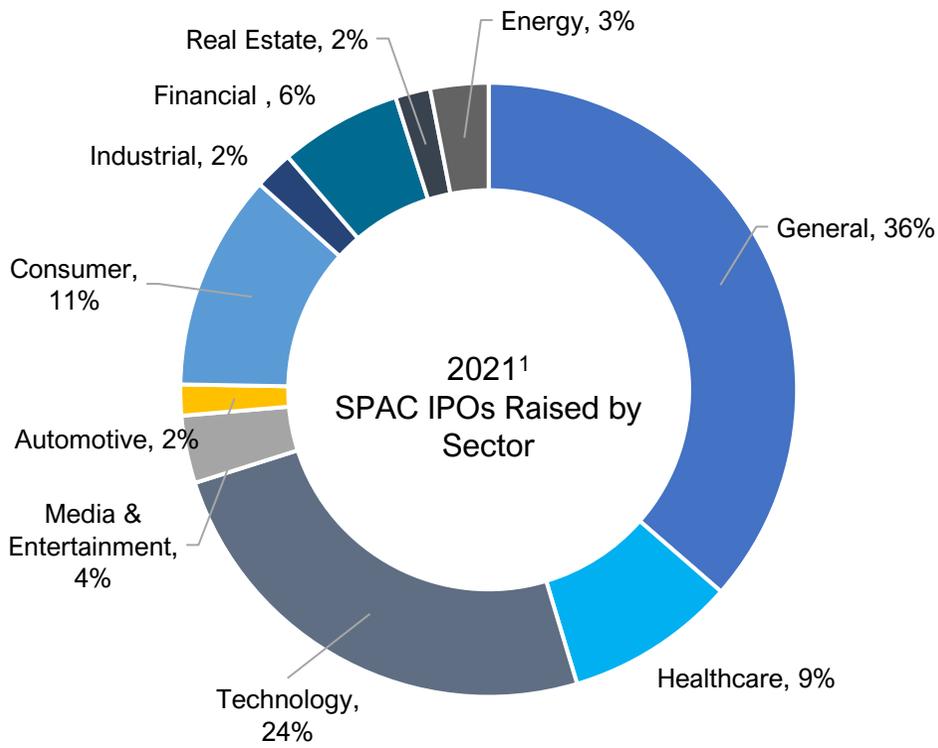
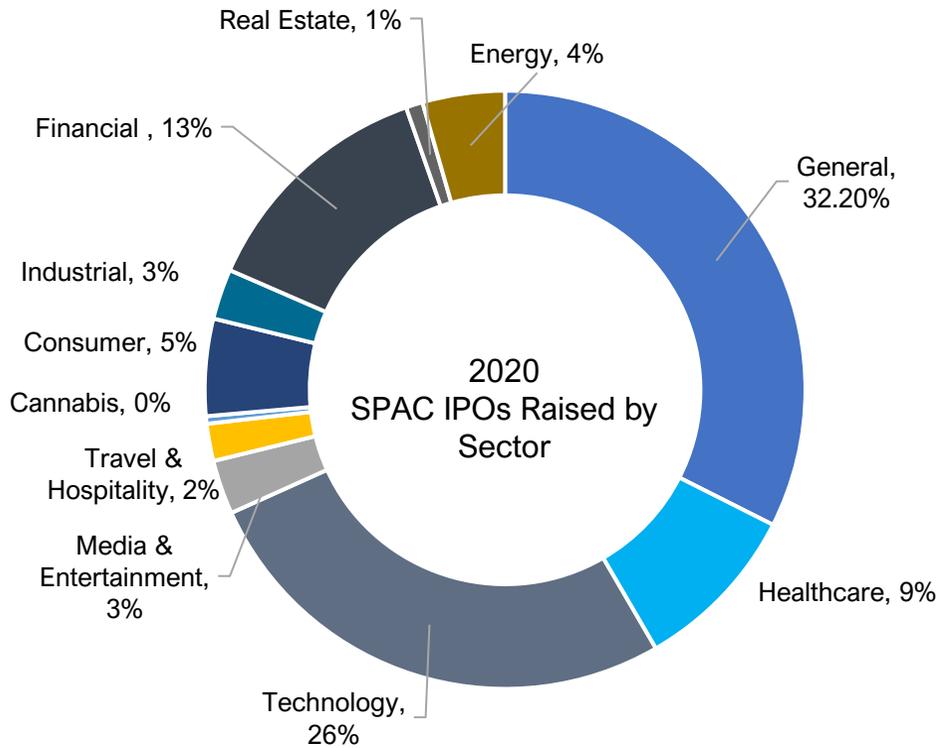


Source: S&P Capital IQ, SPAC Research, Aranca Research

Industry Overview – SPAC IPOs Raised by Sector

General sector records highest SPAC activity, followed by Technology sector

The highest SPAC acquisition activity was witnessed in the General sector (36%), followed by the Technology (24%) and Healthcare (9%) sectors.



Source: SPAC Research, Aranca Research
 Note: 1. January–April

M&A Transaction Trends – Top 10 Transactions in 2021

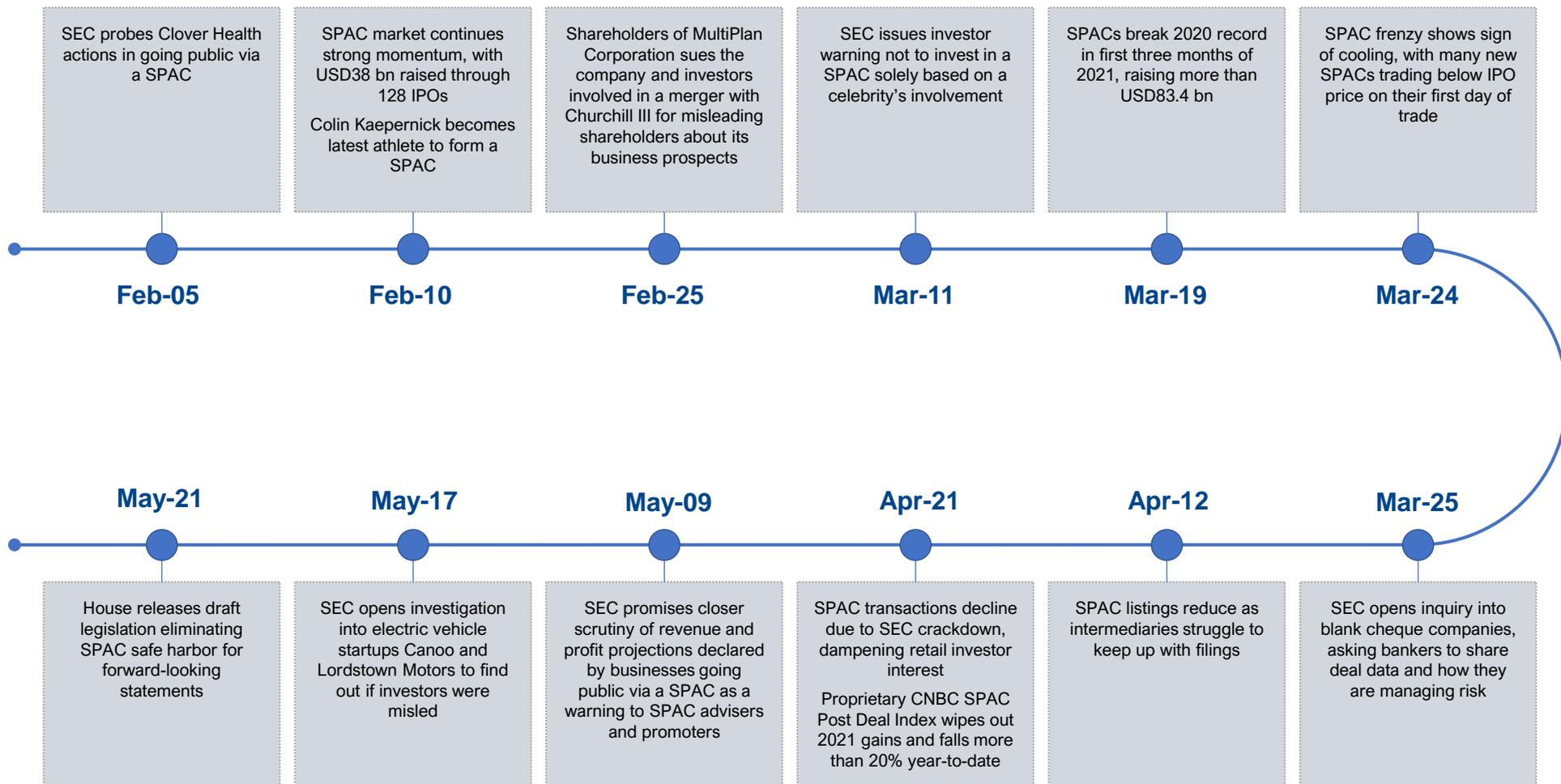
Closed Date	Target	Buyer	IPO Size (USD mn)	Sector, Geography	EV/IPO (x)	Closing Price (USD)	52W Range (USD)
10-Feb-21	Playboy	Mountain Crest Acquisition	57.5	Consumer, US	6.5x	39.8	11.02 / 63.04
28-Apr-21	Stem	Star Peak Energy Transition	383.6	Energy, US	2.2x	34.2	16.00 / 36.93
26-Feb-21	ChargePoint	Switchback Energy Acquisition	314.1	Industrial, US	7.6x	33.5	19.04 / 33.84
20-Apr-21	Genius Sports	dMY Technology II	276.0	Technology, Global	5.4x	18.3	16.50 / 25.18
24-May-21	NeuroRx	Big Rock Partners Acquisition	69.0	Healthcare, US	7.6x	13.4	13.00 / 25.65
28-May-21	SoFi	Social Capital Hedosophia, Holdings Corp. IV	805	Financial, US	9.0x	18.5	18.50 / 24.95
24-Mar-21	Arrival	CIIG Merger Corp.	258.8	Automotive, US	20.9x	16.7	12.59 / 24.98
06-May-21	Lion Electric	Northern Genesis Acquisition	319.5	Automotive, US	4.7x	19.0	13.87 / 23.45
17-Mar-21	PureCycle	Roth CH Acquisition I	76.5	Industrial, US	10.8x	24.2	10.06 / 35.75
29-Jan-21	AppHarvest	Novus Capital Corporation	100	Food, US	5.5x	16.5	10.90 / 42.90

Source: SPAC Research, Aranca Research

SPAC Timeline – Important Events in 2021

Increasing popularity of SPACs, flurry of celebrity-led SPACs, and fraudulent cases draw SEC's attention, which promises stricter regulations

SEC's reclassification of warrants reduced SPAC issues and more intervention can be expected in future.



Source: Business Press, Aranca Research

SPAC 2021 Conference – General Sentiment

Closer SEC scrutiny slows SPAC market, but expected to formalize industry

Despite the SEC intervention and general decline in the market, participants at the SPAC 2021 conference were positive about the future of the industry and have the following to say about the current state of the market:



Slow Down is Natural

- As 2020 was an outlier event, growth is expected to slow down.
- Eventually new technology/innovative companies would be acquired and would resuscitate the market.
- SPAC registrations are continuing, with 25 registered per month.



Regulatory Attention is Welcome

- The SPAC market was moving too fast; the extra scrutiny would slow the market.
- Regulatory attention is necessary to ensure there are no scams.
- SPACs are planning to form an association to lobby for them.



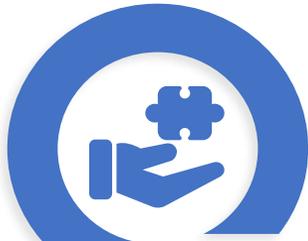
Celebrity Involvement is Good

- Celebrities can work with SPACs to identify good targets.
- Most celebrities have investment experience and can provide unique insights.

Source: Business Press, The SPAC Conference 2021, Aranca Research

Industry Outlook – Opportunities and Threats

Notable success of SPACs attracts new investors and opens doors to new geographies; however, investors should be cautious of overheated market



Opportunities

- Asian markets are the new battleground for SPACs.
 - SPACs are attracting interest in Asia, and the first wave of local listings would test investor appetite in the region.
 - Asia is emerging both as a target destination for acquisition for SPACs and as a source of sponsors looking to raise money in the US.
 - Southeast Asian ride-hailing and delivery app Grab is going public in the US at a USD40 bn valuation.
- UAE firms are looking to get listed on the US Exchange through mergers.
 - Mubadala Capital, a UAE sovereign wealth fund, has formed a SPAC and is currently raising a USD200 mn IPO.
- Private equity firms are not the only ones using SPACs.
 - Family wealth offices and corporates are experimenting with SPACs.
- The market is witnessing the entrance of SPACs that can undertake multiple transactions.



Threats

- SPACs are no longer as hot as they once were.
 - SPACs are no longer oversubscribed.
 - Firms shorting SPACs are starting to appear.
 - Some of the more famous SPACs are showing disappointing profits.
- SPAC sponsors have become less generous.
 - Some sponsors are not including share warrants with their IPO.
- PIPE funding is drying up, which is making it more difficult to complete deals.
- SEC has pledged further intervention to prevent overheating in the market.
- Due to the popularity of SPACs, there may be more SPACs looking to make deals than private companies looking to go public.
 - Private companies may prefer to wait until SPACs are at their deadline to ensure they get better deals.
 - SPACs are now increasingly open to the idea of returning money rather than investing in subpar companies.

Source: Business Press, Aranca Research

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