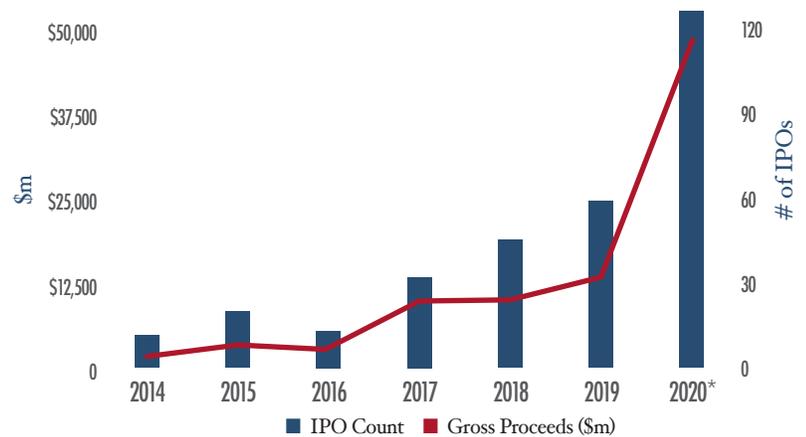


I. RECORD GROWTH IN SPAC MARKET

The Special Purpose Acquisition Company (SPAC) IPO market has seen unprecedented growth in 2020. Through the first three quarters there have been 127 SPAC IPOs raising \$48.5bn. This represents a 115% increase over the 56 SPAC IPOs and a 257% increase over the \$13.6bn raised in 2019. There are currently 148 SPACs seeking transactions and 62 additional SPACs that have filed for an IPO. The rise in SPAC IPOs in 2020 was driven by the market turmoil in the first half of 2020 caused by the Covid-19 crisis. The traditional IPO market saw significant decline in the first half of 2020 as firms were not able to conduct IPO roadshows and due diligence due to travel restrictions.

SPACs are publicly traded company acquirers (known also as blank cheque companies) that raise capital through a listing with the purpose of acquiring one or more existing companies. The capital is raised through a public offering and 98% of the capital is held in trust until it is released to fund a business acquisition. SPACs will often target a specific sector in which the SPAC sponsor has significant business experience or operating knowledge to create future value. SPACs will typically have 18-24 months following a capital raise to make an acquisition that must be approved by a majority of the shareholders. If an investment is not made in that time frame, the SPAC must file for an extension or the funds must be returned to investors.

Chart I: SPAC IPOs 2014-2020



* Through October 1, 2020

The largest SPAC IPO to date is the \$4.0bn raised by Pershing Square Tontine (NYSE:PSTH) in July 2020. This is the largest SPAC IPO in history and was nearly twice as large as the second largest IPO (\$2.07bn) of 2020 by Churchill Capital IV (NYSE:CCIV). Pershing Square Tontine is led by activist investor Bill Ackman and is targeting venture capital backed businesses that have achieved significant scale, market share, competitive dominance and cash flow. Pershing is pursuing acquisitions of scale and has been linked to firms such as Airbnb and Stripe, the online payment processor. Citigroup, Jefferies and UBS Investment Bank are the joint book running managers for Pershing Square Tontine.

There have been several notable announced business combinations in 2020. The largest announced transaction was the \$16.1bn merger of wholesale mortgage originator United Wholesale Mortgage with Gores Holding IV (NasdaqCM:GHIV). Gores Holding is led by Alec Gores, Founder, Chairman and Chief Executive Officer of The Gores Group, a leading private equity firm that has invested over \$4bn and completed over 120 transactions. The transaction was valued at 9.5x the Company's estimated 2021 Adjusted Net Income of approximately \$1.7 billion. Post transaction, the current owners of UWM will retain approximately 94% of the combined company. The second largest announced transaction of 2020 to date is the \$11.1bn announced merger of Churchill Capital Corp. III (NYSE:CCXX) and Multiplan Inc, a technology-enabled provider of end-to-end healthcare cost management solutions. The \$11.1bn transaction enterprise value is approximately 12.9x estimated 2021 adjusted EBITDA. The company also raised \$2.6bn through additional PIPE commitments.

Table I: Top 10 Largest SPAC IPOs in 2020

SPAC Name	Industry/Sector Focus	IPO Date	Total Proceeds (\$M)	Months to Complete	Warrants	Underwriters
Pershing Square Tontine (NYSE:PSTH)	General	7/22/2020	4,000	24	1/9	Citigroup, Jefferies & UBS
Churchill Capital IV (NYSE:CCIV)	General	7/30/2020	2,070	24	1/5	Citigroup, Goldman Sachs & JP Morgan
Foley Trasimene II (NYSE:BFT)	FinTech	8/19/2020	1,467	24	1/3	Credit Suisse & BofA
Foley Trasimene (NYSE:WPF)	Fintech	5/27/2020	1,035	24	1/3	Credit Suisse & BofA
Cohn Robbins Holdings Corp. (NYSE:CRCH)	General	9/9/2020	828	24	1/3	Credit Suisse
CC Neuberger II (NYSE:PRPB)	General	7/31/2020	828	24	1/4	Credit Suisse, Citigroup & Morgan Stanley
Social Capital Hedosophia III (NYSE:IPOC)	Tech	4/22/2020	828	24	1/3	Credit Suisse
FTAC Olympus Acq. Corp. (NasdaqCM:FTOC)	FinTech	8/26/2020	755	24	1/3	Citigroup & Cantor
GS Acq. Holding II (NYSE:GSAH)	General	6/30/2020	750	24	1/4	Goldman Sachs & Citigroup
Artius Acq. Inc. (NasdaqCM:AACQ)	Tech	7/14/2020	725	24	1/3	Credit Suisse & Goldman Sachs
Total			\$13,285m			

II. PRIVATE EQUITY & SPACS

As the SPAC market accelerates, private equity firms are increasingly participating through both business combinations with portfolio investments and sponsorships. Notable private equity firms that have formed SPACs in 2020 include H.I.G Capital, The Gores Group, Oaktree Capital and TPG Capital. SPAC sponsorship appeals to private equity firms due to their relatively low upfront investment cost, shorter investment time horizon and their ability to raise capital quickly from investors in the public market. Private equity sponsors bring a wealth of industry and M&A experience to a SPAC as well as a significant pipeline of acquisition targets.

In 2020, Platinum Equity has completed two notable business combinations with SPACs. In February 2020, GS Acquisition Corp (NYSE:GSAH) combined with Vertiv Holdings Inc, a global provider of critical digital infrastructure and continuity solutions. The Company was merged with an aggregate merger consideration of \$5.1bn. At the time of closing Platinum Equity retained a 38% holding in the combined company. Also completing in February 2020, was the business combination of PAE with Gores Holdings III (NYSE:GRSH). PAE is a provider of outsourced solutions for enduring missions of the United States government and international partners. The company was listed with an initial enterprise value of \$1.55bn or 8.9x estimated 2020 EBITDA of \$174m. Platinum Equity remained a 23% stakeholder in the combined company post business combination.

III. VEHICLE TECHNOLOGY SECTOR

One sector that has seen considerable activity in 2020 is the vehicle technology sector. There have been several notable transactions in the electric car/truck sector as well as self-driving technology applications. The first announced transaction in the electric truck sector was the March 2020 announced business combination of Nikola and VectoIQ Acquisition Corp (NASDAQCM:VTIQ) for \$3.3bn. This transaction was completed in June 2020 and through September 30th has reported an ROI of 105%. Nikola is currently in negotiations with General Motors to produce the Nikola Badger pickup, following the resignation of Nikola Executive Chairman Trevor Milton. Other noteworthy transactions include the \$1.1bn business combination of electric truck developer Hyliion Inc. with Tortoise Acquisition Corp. (NYSE:SHLL) for \$1.1bn and Graf Industrial Corp's (NYSE:GRAF) announced merger with Velodyne Lidar, Inc., a maker of sensors used in Advanced Driver Assistance Systems (ADAS), self-driving cars and trucks. Through September 30th, the Tortoise Acquisition Corp and Graf Industrial Corp have ROIs of nearly 400% and 150%, respectively.

Table II: Vehicle Technology Transactions 2020

SPAC Name	Company	Sector	Enterprise Value (\$M)	Announcement Date	Completion Date	ROI
VectoIQ Acquisition Corp. (NASDAQCM:VTIQ)	Nikola Motors	Electric Trucks	3,300	3/3/2020	6/3/2020	105%
Spartan Energy Acquisition Corp	Fisker	Electric Vehicle	1,900	6/13/2020	Pending	44%
Tortoise Acquisition Corp. (NYSE:SHLL)	Hyliion, Inc.	Electric Trucks	1,100	6/19/2020	Pending	398%
Graf industrial Corp. (NYSE:GRAF)	Velodyne Lidar, Inc.	Self-Driving Technology	1,600	7/2/2020	9/29/2020	148%
DiamondPeak Holdings (NASDAQCM:DPHC)	Lordstown Motors	Electric Light Duty Trucks	965	8/3/2020	Pending	158%
Hennessy Capital Acquisition Corp IV (NASDAQCM:HCAC)	Canoo	Electric Vehicle	1,800	8/18/2020	Pending	11%
Kensington Capital Acquisition Corp (NYSE:KCAC)	QuantumScape	Electric Vehicle Battery	3,300	9/3/2020	Pending	68%
Pivotal Investment Corp II (NYSE:PIC)	XL Fleet	Fleet Electrification Solutions	1,100	9/18/2020	Pending	15%
Total			\$15,065m			

IV. CONCLUSIONS

An exit through a SPAC continues to be an appealing alternative to a traditional IPO or trade sale. SPACs offer the opportunity for sellers to retain shares in the business, generate liquidity and enjoy the potential uplift of future value. A SPAC can be significantly less expensive when compared to a traditional IPO, and SPAC buyers are typically highly motivated to complete a transaction.

In August, the SEC approved a new type of direct listing in which companies can raise new capital directly from public market investors. Palantir Technologies Inc. (NYSE:PLTR) and Asana Inc. (NYSE:ASAN) were the first companies to participate in a direct listing in September after the regulatory changes. Past direct listings such as Spotify Technology S.A. (NYSE:SPOT), Slack Technologies Inc. (NYSE:WORK) allowed current existing



shareholders to sell private shares of the company on a public exchange. Direct listings offer an alternative to traditional IPO and SPAC market, but we believe that SPACs will remain more prevalent and popular. SPACs offer the ability to partner with industry leading sponsors and provide greater flexibility in structure.

We forecast the record SPAC IPO market to continue through 2021 as the quality of the sponsors continues to improve. Experienced private equity teams and successful corporate executives will utilize SPACs to bring companies into capital markets faster than through a traditional IPO process. We expect the average size of SPAC transactions to grow as sponsors target larger investments. As deal size increases, the frequency and size of accompanying sidecar PIPE investments are also anticipated to grow.

ABOUT WINCHESTER CAPITAL

Founded in 1986, Winchester Capital provides in-depth global research and strategic alternatives to its family office, multinational corporate, SPAC and private equity clients. Winchester Capital focuses on bespoke global strategic research and M&A advisory services.

Winchester has received six Distinguished International Awards by our industry peer group, M&A Advisor including the Private Equity Deal of Year, Boutique Investment Banking Firm of the Year and Energy Deal of the Year. We offer the highest quality research and generation of direct, non-auction opportunities for SPAC, private equity groups and strategic acquirers. Our firm has successfully transacted in over 40 countries. We welcome your comments to our Insight and the opportunity to assist with in-depth research to maximize value in all market conditions and circumstances.

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